CITY OF MORRIS, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDING
APRIL 30, 2026

MORRIS
ILLINOIS

CITY OF MORRIS, ILLINOIS

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INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council
City of Morris, Illinois

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of April 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Morris, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Morris, Illinois' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, and the pension data schedules, OPEB, and related notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Morris, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Supplemental Information

Management is responsible for the supplemental information included in the annual report. The supplemental information is comprised of the schedule of assessed valuations, tax rates, tax extensions, and tax collections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the supplemental information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the supplemental information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

We previously audited City of Morris, Illinois' April 30, 2025, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 3, 2025. The summarized comparative information presented herein as of and for the year ended April 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived. **Other**

Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2026, on our consideration of the City of Morris, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Morris, Illinois' internal control over financial reporting and compliance.

Mack & Associates, P.C

Mack & Associates, P. C.
Certified Public Accountants

Morris, Illinois
November 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF MORRIS, ILLINOIS

Management's Discussion and Analysis - Unaudited
For the Year Ended April 30, 2026

This narrative overview and analysis of the financial activities of the City of Morris, Illinois (the "City"), is intended to provide an overview of the City's financial performance as a whole for the fiscal year ended April 30, 2026. Readers are encouraged to consider the information presented here in conjunction with the additional information found in the financial statements and notes to financial statements to enhance their understanding of the City's overall financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $93,866,051 (net position). The City has an unrestricted net position of $(232,852) at April 30, 2026.

- The City's total net position increased by $16,319,747 (21.0%) for the fiscal year ended April 30, 2026. Of this amount, the governmental net position increased by $10,878,710 (37.6%) and the business-type net position increased by $5,441,037 (11.2%). The governmental-type net position increased primarily due to investment in capital assets in the current year and in increase in cash due to an increase in revenues. The business-type net position increased primarily due to investment in capital assets in the current year.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $23,618,274, an increase of $5,631,753 (31.3%) in comparison with the prior fiscal year. Approximately 70% of the total fund balance, $16,061,271, was unassigned and available for spending at the City's discretion.

- The City's total long-term debt decreased by $2,760,871 during the current fiscal year due to scheduled payments on bond issues and capital leases, and increased due to advances on a note payable of $4,030,219.

Using This Annual Report

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial statements.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Morris, Illinois as a whole and present an overview of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City of Morris, Illinois' operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's General Fund budget for the year, the City's schedule of changes in the net pension liability and related ratios, schedule of city contributions, schedules of investment returns and schedule of funding progress for the retiree health plan.

Using This Annual Report – (Continued):

Other Information provides detailed information about the non-major special revenue funds, private purpose and pension trust funds and assessed property tax valuations, rates, extensions and collections.

Reporting the City's Financial Activities

Government-wide Financial Statements

The *government-wide financial* statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents financial information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The Statement of Net Position and the Statement of Activities report two types of activities:

Governmental activities include public safety, transportation and public service, culture and recreation, general government, and environment. Taxes and intergovernmental revenues finance most of these activities.

Business type activities include the Water and Sewer Operation, the Garbage Disposal, and the Airport Operation. These activities are financed primarily by user changes, which are intended to cover costs of services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with various finance-related legal and accounting requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Reporting the City's Financial Activities – (Continued):

The City maintains twelve individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Tax Increment Financing Fund I, and Marina Tax Increment Financing Fund, which are considered to be major funds. Financial information for the other nine governmental funds is combined into a single, aggregated presentation called non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual statements elsewhere in this report.

Proprietary funds – Proprietary funds are used to account for services and activities for which a fee is charged to customers in exchange for City provided goods or services. Proprietary funds use the "economic resources" measurement focus, which concentrates on how transactions and events have affected the fund's total economic resources. The City maintains one of the three different types of proprietary funds as described below.

Enterprise funds are used to report business-type activities in the government-wide financial statements. The City presents two enterprise funds: Water and Sewer and Airport Funds and all are considered to be major funds.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for these funds is much like that used for proprietary funds.

The City maintains a pension trust fund. The Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position are included in the basic financial statement section of this report, while the Statement of Changes in Assets and Liabilities for custodial funds is included in the combining and individual fund section of this report.

Government-wide Financial Analysis:

Net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2026	2025	2026	2025	2026	2025
Assets						
Current and other assets	$ 39,888,592	30,877,726	9,372,128	7,526,711	49,260,720	38,404,437
Capital assets	41,192,898	36,618,429	52,998,480	47,741,729	94,191,378	84,360,158
Total assets	81,081,490	67,496,155	62,370,608	55,268,440	143,452,098	122,764,595
Deferred Outflows	3,015,093	3,274,939	155,668	199,983	3,170,761	3,474,922
Liabilities						
Current liabilities	1,306,820	1,407,430	3,409,064	891,252	4,715,884	2,298,682
Long-term liabilities	23,320,782	25,482,908	5,078,872	5,979,868	28,399,654	31,462,776
Total liabilities	24,627,602	26,890,338	8,487,936	6,871,120	33,115,538	33,761,458
Deferred inflows	19,641,270	14,931,755	-	-	19,641,270	14,931,755
Net Position						
Net investment in capital assets	41,192,898	36,618,429	45,328,548	41,341,145	86,521,446	77,959,574
Restricted	7,557,003	8,785,259	20,454	57,865	7,577,457	8,843,124
Unrestricted	(8,922,190)	(16,454,687)	8,689,338	7,198,293	(232,852)	(9,256,394)
Total net position	$ 39,827,711	28,949,001	54,038,340	48,597,303	93,866,051	77,546,304

Net investment in capital assets – the largest portion of the City's net position is invested in capital assets (land, infrastructure, buildings, and equipment) less any related outstanding debt. These assets are used to provide services to City residents; consequently, they are not available for future spending. While the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position – another portion of net position (7.5%) is restricted and represents resources that are subject to external restrictions by enabling legislation, debt covenants, or other legal requirements on how they may be used.

Unrestricted net deficit – the remaining balance of $(232,852) is unrestricted.

The $16,319,747 increase in net position is attributable to an increase in capital assets and an increase in cash due to an increase in revenues.

Government-wide Financial Analysis – (Continued):

	Governmental Activities		Business-type Activities		Total Primary Government	
	2026	2025	2026	2025	2026	2025
Revenues:						
Program revenues:						
Charges for services	$ 560,797	734,785	12,563,158	8,180,395	13,123,955	8,915,180
Operating grants and contributions	2,813,485	1,090,879	-	-	2,813,485	1,090,879
Capital grants	485,247	65,088	1,192,266	113,585	1,677,513	178,673
General revenues:						
Property taxes	12,083,752	10,204,531	-	-	12,083,752	10,204,531
Sales and use taxes	13,475,455	10,372,709	-	-	13,475,455	10,372,709
Other taxes	390,801	358,183	-	-	390,801	358,183
Intergovernmental revenue	4,121,055	3,830,141	-	-	4,121,055	3,830,141
Franchise fees	173,530	190,621	-	-	173,530	190,621
Interest income	755,227	784,407	171,332	264,565	926,559	1,048,972
Other	613,943	571,410	-	-	613,943	571,410
Total revenues	35,473,292	28,202,754	13,926,756	8,558,545	49,400,048	36,761,299
Program expenses:						
General government	9,475,711	7,906,502	-	-	9,475,711	7,906,502
Employee retirement costs	2,142,695	2,030,296	-	-	2,142,695	2,030,296
Public safety	6,019,175	5,757,451	-	-	6,019,175	5,757,451
Transportation and public service	860,152	2,690,833	-	-	860,152	2,690,833
Culture & recreation	1,540,149	1,254,104	-	-	1,540,149	1,254,104
Environment	330,967	287,494	-	-	330,967	287,494
Community development	4,225,733	4,002,960	-	-	4,225,733	4,002,960
Water and sewer	-	-	7,530,639	7,093,692	7,530,639	7,093,692
Airport Operation	-	-	955,080	882,692	955,080	882,692
Garbage collection and disposal	-	-	-	-	-	-
Total expenses	24,594,582	23,929,640	8,485,719	7,976,384	33,080,301	31,906,024
Change in net position	10,878,710	4,273,114	5,441,037	582,161	16,319,747	4,855,275
Transfers	-	1,500,000	-	(1,500,000)	-	-
Net position, beginning of year	28,949,001	23,175,887	48,597,303	49,515,142	77,546,304	72,691,029
Net position, end of year	$ 39,827,711	28,949,001	54,038,340	48,597,303	93,866,051	77,546,304

The City of Morris, Illinois' change in net position of governmental activities was an increase of $10,878,710 during the year.

Revenues for governmental activities increased by $7,270,538 compared to the prior year.

Expenses for governmental activities increased by $665,581 over the prior fiscal year.

Business-type activities increased the City's net position by $5,441,037.

Government-wide Financial Analysis – (Continued):

The City provides airport facilities and water and sewer treatment to all residents. The City's total business-type revenues increased by $5,368,211 over the prior year.

Expenses increased by $509,335 from the prior fiscal year.

Individual Major Fund Analysis

Governmental Fund Highlights

As the City of Morris, Illinois completed the year, its governmental funds reported a combined fund balance of $23,618,274, which is $5,631,753 more than the $17,986,521 total fund balance at April 30, 2025. $16,061,271, or 68%, of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance of $7,557,003 is restricted, to indicate that it is available for spending with limitations imposed by enabling legislation, creditors, grantors, or regulations of other governments.

General Fund – The General Fund represents the primary operating fund of the City. It accounts for all financial resources, except those to be accounted for in another fund. The General Fund revenues increased by $3,978,468 largely due to increased property, state tax revenues, and grants.

On the expenditure side, the decrease over the prior fiscal year was $1,628,080. A large portion of the decrease can be attributed to lower capital outlay expenditures.

Tax Increment Financing Fund I – The Tax Increment Financing Fund I represents a specific taxing district funded by local property taxes. Current year revenues show an increase of $978,522. Revenues increased due to higher property tax collections in the current year.

Expenditures increased $1,543,952 from the prior fiscal year due to capital outlay and community development expenditures in the current year.

Marina Tax Increment Financing Fund – The Marina Tax Increment Financing Fund represents a specific taxing district located in a proposed marina area funded by local property taxes. Due to a lack of current development, the funding is almost exclusively received from the TIF I Fund, as the Marina District is located entirely within that District. The current year transfer amounted to $1,100,000.

Expenditures decreased by $2,848,752 from the prior fiscal year. The decrease is primarily due to a decrease in capital outlay expenditures in the current year.

Individual Major Fund Analysis – (Continued):

Proprietary Fund Highlights

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position was $6,937,532 for the Water and Sewer Fund, and $1,751,806 for the Airport Fund. At the end of the fiscal year, the City's proprietary funds reported an increase in net position of $5,441,037 over the prior year. Of the increase, $5,599,829 came from the Water and Sewer Fund and a decrease of $158,793 came from the Airport Fund. A discussion of all proprietary funds follows:

Water and Sewer Fund – The Water and Sewer Fund revenues increased by $4,567,427. This was due to a $4,000,000 acreage fee that was received during the current fiscal year. Operating expenses increased by $368,724.

Airport Fund – The Airport Fund revenues decreased by $184,664. Operating expenses increased $75,378 from the prior year.

General Fund Budgetary Highlights

The original 2026 fiscal year budget was adopted on April 21, 2025. The comparison of General Fund original budget to the final budget is on pages 66-67 and 107-112. Over the course of the year, the Budget Officer and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. The amended 2026 fiscal year budget was adopted on August 18, 2026.

General Fund revenues were $1,175,368 below budget estimates.

General Fund expenditures were $3,335,858 under budget estimates mainly due to including anticipated expenditures that did not materialize in capital outlay. Several budget line-item transfers were made by the Budget Officer during the year within individual departments. Most were not significant in amount.

Capital Assets and Debt Administration

Capital Assets

The City's capital assets include land, land improvements, buildings, machinery and equipment, infrastructure and construction in progress. Capital assets for governmental activities totaled $41,192,898 (net of accumulated depreciation/amortization) at April 30, 2026. Capital assets for business type activities totaled $52,998,477 (net of accumulated depreciation) at April 30, 2026. See Note 5 to the financial statements for more information about the City's capital assets.

Capital Assets at Year-end
Net of Accumulated Depreciation

	Governmental activities		Business-type activities		Total	
	2026	2025	2026	2025	2026	2025
Land	$ 6,528,556	6,528,556	8,948,924	8,948,924	15,477,480	15,477,480
Construction in Progress	2,256,688	5,760,223	6,280,653	1,673,730	8,537,341	7,433,953
Land Improvements	2,462,691	2,619,859	-	-	2,462,691	2,619,859
Buildings & Improvements	17,834,814	11,133,007	1,280,519	1,331,480	19,115,333	12,464,487
Machinery & Equipment	1,885,272	1,742,035	1,153,065	941,742	3,038,337	2,683,777
Vehicles	810,391	662,991	258,607	160,767	1,068,998	823,758
Infrastructure	9,414,486	8,171,758	35,076,712	34,685,086	44,491,198	42,856,844
Total	$ 41,192,898	36,618,429	52,998,480	47,741,730	94,191,378	84,360,158

Net capital assets increased by $9,831,220 for the 2026 fiscal year. The City expended available resources to acquire $12,385,621 in capital asset additions during the year. These additions were reduced by the current year's depreciation expense of $2,734,401 (Additional information on the City's capital assets is presented in Note 5 to the basic financial statements).

Capital Assets and Debt Administration – (Continued)

Long-term Debt

Long-term Debt – At April 30, 2026, the City had total net debt outstanding of $7,547,335, including lines of credit of $7,018,593 and the remaining balance due on the 2012 alternate revenue bond issue of $528,742.

Outstanding Debt at Year-end
Bonds and Capital Leases Payable

	Business-type activities	
	2026	2025
Refunding Bonds Alternate Revenue Source (incl. premium)	$ 528,742	1,050,095
Notes Payable	7,018,594	5,210,220
Leases - Right to Use Assets	-	17,673
Total	$ 7,547,336	6,277,988

Total outstanding debt increased by $1,269,347 during the fiscal year as a result of an advance on one of the notes payable totaling $4,030,219, offset by the normal schedule of payments on existing debt. Additional information on the City's long-term debt is presented in Note 6 to the basic financial statements.

Economic Factors and Next Year's Budget and Rates

Following are currently known City of Morris, Illinois economic factors considered in going into the 2026-2027 fiscal year.

- The City's assessed value increased by 9.5% during the current fiscal year after increasing by 6.8% in the prior year. According to the Supervisor of Assessments, growth will likely continue in the next couple of years. This growth should be reflected as increased assessed valuations in the coming years. The City's share of state sales tax, which represents the largest portion of General Fund revenue, has begun to experience increases in recent years and that trend is expected to continue.

- The City was awarded a grant for the construction of an additional East/West runway in the amount of $11,783,349 through the Department of Transportation in December 2021. The estimated total project cost is $14,972,187 and was scheduled to begin during fiscal year 2025 but was delayed. The project is now scheduled to begin during fiscal year 2027.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact Lori Werden, Budget Officer and City Clerk, 700 N. Division St., Morris, IL 60450, or by calling 815-942-4026 during regular office hours, Monday through Friday, from 8:00 a.m. to 4:30 p.m. central standard time.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Governmental Activities	Business-type Activities	Totals 2026	Totals 2025
ASSETS				
Cash and cash equivalents	$ 20,775,973	9,222,741	29,998,714	22,767,663
Receivables:				
Property taxes	14,075,070	-	14,075,070	12,044,108
Sales and use taxes	2,086,373	-	2,086,373	2,105,510
Income and replacement taxes	635,167	-	635,167	747,459
Grants receivable	87,232	-	87,232	-
Other taxes and fees	624,873	-	624,873	395,862
Customer fees (net of allowances)	-	230,562	230,562	287,052
Inventory	-	41,421	41,421	35,183
Internal balances	122,596	(122,596)	-	-
Notes receivable	120,400	-	120,400	21,600
Net pension asset	1,360,908	-	1,360,908	-
Capital assets, net of accumulated depreciation	41,192,898	52,998,480	94,191,378	84,360,158
Total assets	81,081,490	62,370,608	143,452,098	122,764,595
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	25,003	25,003	67,451
Pension-related deferred outflows	3,015,093	-	3,015,093	3,274,939
Asset retirement obligation	-	130,665	130,665	132,532
Total deferred outflows	3,015,093	155,668	3,170,761	3,474,922
LIABILITIES				
Accounts payable and accrued expenses	834,340	649,090	1,483,430	1,137,592
Noncurrent liabilities:				
Due within one year	472,480	2,759,974	3,232,454	1,161,090
Due in more than one year	16,645,745	5,078,872	21,724,617	22,399,778
Net OPEB liability	1,511,723	-	1,511,723	1,440,764
Net pension liability	5,163,314	-	5,163,314	7,622,234
Total liabilities	24,627,602	8,487,936	33,115,538	33,761,458
DEFERRED INFLOWS OF RESOURCES				
Succeeding year property tax	14,075,070	-	14,075,070	12,044,108
Pension-related deferred inflows	5,566,200	-	5,566,200	2,887,647
Total deferred inflows	19,641,270	-	19,641,270	14,931,755
NET POSITION				
Net investment in capital assets	41,192,898	45,328,548	86,521,446	77,959,574
Restricted	7,557,003	20,454	7,577,457	8,843,124
Unrestricted	(8,922,190)	8,689,338	(232,852)	(9,256,394)
Total net position	$ 39,827,711	54,038,340	93,866,051	77,546,304

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Activities
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
							Totals	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	2026	2025
Governmental activities:								
General government	$ 9,475,711	197,421	-	37,977	(9,240,313)	-	(9,240,313)	(7,616,298)
Employee retirement costs	2,142,695	-	-	-	(2,142,695)	-	(2,142,695)	(2,030,296)
Public safety	6,019,175	227,503	664,669	-	(5,127,003)	-	(5,127,003)	(4,796,209)
Transportation and public works	860,152	855	599,413	-	(259,884)	-	(259,884)	(2,689,867)
Culture and recreation	1,540,149	83,118	540,659	7,153	(909,219)	-	(909,219)	(1,072,398)
Environment	330,967	-	-	-	(330,967)	-	(330,967)	(287,494)
Community development	4,225,733	51,900	1,008,744	440,117	(2,724,972)	-	(2,724,972)	(3,546,326)
Total governmental activities	24,594,582	560,797	2,813,485	485,247	(20,735,053)	-	(20,735,053)	(22,038,888)
Business-type activities:								
Water sewer	7,530,639	11,945,514	-	1,065,816	-	5,480,691	5,480,691	309,395
Airport operation	955,080	617,644	-	126,450	-	(210,986)	(210,986)	8,201
Total business-type activities	8,485,719	12,563,158	-	1,192,266	-	5,269,705	5,269,705	317,596
Total government	$ 33,080,301	13,123,955	2,813,485	1,677,513	(20,735,053)	5,269,705	(15,465,348)	(21,721,292)
General revenues:								
Property taxes					12,083,752	-	12,083,752	10,204,531
Sales tax					13,475,455	-	13,475,455	10,372,709
Other taxes					390,801	-	390,801	358,183
Intergovernmental revenue					4,121,055	-	4,121,055	3,830,141
Franchise fees					173,530	-	173,530	190,621
Interest					755,227	171,332	926,559	1,048,972
Miscellaneous					613,943	-	613,943	571,410
Total general revenues					31,613,763	171,332	31,785,095	26,576,567
Change in net position					10,878,710	5,441,037	16,319,747	4,855,275
Net position, beginning of year					28,949,001	48,597,303	77,546,304	72,691,029
Net position, end of year					$ 39,827,711	54,038,340	93,866,051	77,546,304

The Notes to Basic Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds
April 30, 2026
(With Comparative Figures for April 30, 2025)

	General Fund	TIF I Fund	Marina TIF Fund	Non-major Governmental Funds	Total Governmental Funds 2026	Total Governmental Funds 2025
ASSETS						
Cash and cash equivalents	$ 13,453,910	3,046,096	949,773	3,326,194	20,775,973	15,878,133
Receivables:						
Property taxes	2,967,289	7,933,655	70,375	3,103,751	14,075,070	12,044,108
Sales and use taxes	2,086,373	-	-	-	2,086,373	2,105,510
Income and replacement taxes	635,167	-	-	-	635,167	747,459
Grant	-	27,352	-	59,880	87,232	-
Other taxes & fees	369,590	-	-	255,283	624,873	395,862
Due from other funds	122,596	-	-	-	122,596	122,596
Notes receivable	-	120,400	-	-	120,400	21,600
Total assets	$ 19,634,925	11,127,503	1,020,148	6,745,108	38,527,684	31,315,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Overdraft payable	$ -	-	-	-	-	437,542
Accounts payable	549,461	47,695	52,147	127,274	776,577	812,202
Accrued payroll	56,904	859	-	-	57,763	34,895
Total liabilities	606,365	48,554	52,147	127,274	834,340	1,284,639
Deferred inflows of resources:						
Succeeding year property tax	2,967,289	7,933,655	70,375	3,103,751	14,075,070	12,044,108
Total deferred inflows	2,967,289	7,933,655	70,375	3,103,751	14,075,070	12,044,108
Fund balances:						
Restricted	-	3,145,294	897,626	3,514,083	7,557,003	8,785,259
Unassigned	16,061,271	-	-	-	16,061,271	9,201,262
Total fund balances	16,061,271	3,145,294	897,626	3,514,083	23,618,274	17,986,521
Total liabilities, deferred inflows of resources, and fund balances	$ 19,634,925	11,127,503	1,020,148	6,745,108	38,527,684	31,315,268

The Notes to Basic Financial Statements are an integral part of this statement.

Balance Sheet - Governmental Funds
April 30, 2026
(With Comparative Figures for April 30, 2025)

	2026	2025
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:		
Total governmental fund balances	$ 23,618,274	17,986,521
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in government activities are not current financial resources, and, therefore, are not report in the funds. The cost of capital assets is $95,663,632 and the accumulated depreciation is $54,470,734.	41,192,898	36,618,429
Pension-related and OPEB-related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources - pensions	3,015,093	3,274,939
Deferred inflows of resources - pensions	(5,566,200)	(2,887,647)
Long-term liabilities are not due and payable in the current year and, therefore, are not reported as liabilities in the governmental funds.		
Landfill closure	(15,937,024)	(15,937,024)
Compensated absences	(1,181,201)	(1,043,219)
Net OPEB liability	(1,511,723)	(1,440,764)
Net pension liability / asset	(3,802,406)	(7,622,234)
Net position of governmental activities	$ 39,827,711	28,949,001

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	General Fund	Tax Increment Financing Fund I	Marina Tax Increment Financing Fund	Non-major Governmental Funds	Total Governmental Funds 2026	Total Governmental Funds 2025
Revenues:						
Property taxes	$ 2,876,205	7,023,059	52,743	2,131,745	12,083,752	10,204,531
Sales and use taxes	13,475,455	-	-	-	13,475,455	10,372,709
Other taxes	-	-	-	390,801	390,801	358,183
Intergovernmental revenue	3,471,408	-	-	649,647	4,121,055	3,830,141
Licenses and permits	187,140	-	-	-	187,140	232,754
Franchise fees	173,530	-	-	-	173,530	190,621
Charges for services	135,873	-	-	-	135,873	200,895
Grants	664,669	440,117	-	1,062,772	2,167,558	696,301
Donations	-	-	-	77,300	77,300	59,800
Fines	221,108	-	-	16,676	237,784	301,136
Interest	357,509	267,248	43,396	87,074	755,227	784,407
Other	1,310,581	348,816	-	8,420	1,667,817	971,276
Total revenues	22,873,478	8,079,240	96,139	4,424,435	35,473,292	28,202,754
Expenditures:						
Current:						
General government	3,544,238	610,876	166,824	588,571	4,910,509	4,248,413
Employee retirement costs	1,448,781	-	-	693,914	2,142,695	2,030,296
Public safety	6,080,749	-	-	19,364	6,100,113	5,880,714
Transportation and public service	2,940,818	-	-	133,051	3,073,869	2,938,176
Culture and recreation	728,965	-	-	801,615	1,530,580	1,168,448
Environment	-	-	330,967	-	330,967	287,494
Community development	-	4,209,952	15,781	-	4,225,733	4,002,960
Capital outlay	1,707,460	2,498,508	2,284,328	1,036,777	7,527,073	11,704,595
Total expenditures	16,451,011	7,319,336	2,797,900	3,273,292	29,841,539	32,261,096
Excess (deficiency) of revenues over (under) expenditures	6,422,467	759,904	(2,701,761)	1,151,143	5,631,753	(4,058,342)
Other financing sources (uses):						
Transfers in (out)	-	(1,100,000)	1,100,000	-	-	1,500,000
Changes in fund balances	6,422,467	(340,096)	(1,601,761)	1,151,143	5,631,753	(2,558,342)
Fund balances, beginning of year	9,638,804	3,485,390	2,499,387	2,362,940	17,986,521	20,544,863
Fund balances, end of year	$ 16,061,271	3,145,294	897,626	3,514,083	23,618,274	17,986,521

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026	2025
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities		
Net change in fund balances - total governmental funds	$ 5,631,753	(2,558,342)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year as follows:		
Expenditures for capital assets	6,132,682	10,077,303
Depreciation expense	(1,558,213)	(1,341,418)
Governmental funds report City Pension and OPEB contributions as expenditures. However, in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense.		
City pension contributions	1,448,781	1,396,332
City OPEB contributions	129,819	53,834
Cost of pension benefits incurred net of employee contributions	(567,352)	(1,381,685)
Cost of OPEB benefits incurred net of employee contributions	(200,778)	(377,226)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:		
Compensated absences	(137,982)	(95,684)
Change in net position of governmental activities	$ 10,878,710	5,773,114

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Net Position - Proprietary Funds
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Total 2026	Total 2025
ASSETS				
Current assets:				
Cash and cash equivalents	$ 7,500,810	1,721,931	9,222,741	7,327,072
Accounts receivable, net	217,045	13,517	230,562	287,052
Inventory	-	41,421	41,421	35,183
Total current assets	7,717,855	1,776,869	9,494,724	7,649,307
Noncurrent assets:				
Land	613,374	8,335,551	8,948,925	8,948,925
Other capital assets, net of depreciation	42,504,649	1,544,906	44,049,555	38,792,804
Total noncurrent assets	43,118,023	9,880,457	52,998,480	47,741,729
Total assets	50,835,878	11,657,326	62,493,204	55,391,036
DEFERRED OUTFLOWS OF RESOURCES				
Asset retirement obligation	130,665	-	130,665	132,532
Deferred charge on refunding	25,003	-	25,003	67,451
	155,668	-	155,668	199,983
LIABILITIES				
Current liabilities:				
Accounts payable & accrued expenses	632,175	16,915	649,090	290,495
Compensated absences	57,345	3,259	60,604	61,729
Due to other funds	-	122,596	122,596	122,596
Lease payable	-	-	-	17,673
Notes payable	2,170,628	-	2,170,628	-
Revenue bonds payable	528,742	-	528,742	521,355
Total current liabilities	3,388,890	142,770	3,531,660	1,013,848
Non-current liabilities:				
Compensated absences	86,017	4,889	90,906	100,908
Notes payable	4,847,966	-	4,847,966	5,210,220
Asset retirement obligation	140,000	-	140,000	140,000
Revenue bonds payable	-	-	-	528,740
Total non-current liabilities	5,073,983	4,889	5,078,872	5,979,868
Total liabilities	8,462,873	147,659	8,610,532	6,993,716
NET POSITION				
Net investment in capital assets	35,570,687	9,757,861	45,328,548	41,341,145
Restricted	20,454	-	20,454	57,865
Unrestricted	6,937,532	1,751,806	8,689,338	7,198,293
Total net position	$ 42,528,673	11,509,667	54,038,340	48,597,303

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Total 2026	Total 2025
Operating revenues:				
Water and sewer sales	$ 6,335,195	-	6,335,195	5,793,098
Infrastructure fees	4,000,000	-	4,000,000	-
Garbage collection fees	1,509,460	-	1,509,460	1,450,232
Tap on fees/meters	50,781	-	50,781	79,295
Facilities rental	-	240,414	240,414	312,765
Fuel sales	-	351,417	351,417	429,939
Miscellaneous revenue	50,078	25,813	75,891	115,066
Total operating revenues	11,945,514	617,644	12,563,158	8,180,395
Operating expenses:				
Personal services	2,168,995	276,434	2,445,429	2,061,686
Contractual services	1,209,813	84,484	1,294,297	1,364,441
Commodities	682,820	410,521	1,093,341	1,065,748
Capital outlay/maintenance	610,186	54,436	664,622	652,057
Depreciation and amortization	1,058,739	119,316	1,178,055	1,106,637
Other expenses	1,592,100	9,889	1,601,989	1,583,062
Total operating expenses	7,322,653	955,080	8,277,733	7,833,631
Operating income (loss)	4,622,861	(337,436)	4,285,425	346,764
Non-operating revenues (expenses):				
Bank service fees	(750)	-	(750)	(750)
State and federal grants	1,065,816	126,450	1,192,266	113,585
Interest income	119,139	52,193	171,332	264,565
Interest expense	(207,236)	-	(207,236)	(142,003)
Total non-operating revenues (expenses)	976,969	178,643	1,155,612	235,397
Income (loss) before transfers	5,599,830	(158,793)	5,441,037	582,161
Transfers in (out)	-	-	-	(1,500,000)
Change in net position	5,599,830	(158,793)	5,441,037	(917,839)
Net position, beginning of year	36,928,843	11,668,460	48,597,303	49,515,142
Net position, end of year	$ 42,528,673	11,509,667	54,038,340	48,597,303

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Cash Flows - Proprietary Funds
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Enterprise Funds			
	Water and Sewer Fund	Airport Fund	Total 2026	Total 2025
Cash flows from operating activities:				
Receipts from customers	$ 11,845,754	698,003	12,543,757	7,999,057
Other operation receipts	50,078	25,813	75,891	115,066
Payments to suppliers	(3,757,203)	(556,163)	(4,313,366)	(5,382,660)
Payments to employees	(2,160,270)	(296,286)	(2,456,556)	(2,099,739)
Net cash provided by (used in) operating activities	5,978,359	(128,633)	5,849,726	631,724
Cash flows from noncapital financing activities:				
Internal advances	-	-	-	(2,747,789)
Cash flows from capital and related financing activities:				
Line of credit proceeds	4,030,219	-	4,030,219	1,284,674
Capital assets acquired	(6,265,644)	(167,295)	(6,432,939)	(2,708,175)
Principal & interest on capital leases	-	(17,673)	(17,673)	(24,427)
Principal & interest on alternate revenue bonds	(2,897,262)	-	(2,897,262)	(1,560,067)
Grant receipts	1,065,816	126,450	1,192,266	2,961,585
Net cash provided by (used in) capital financing activities	(4,066,871)	(58,518)	(4,125,389)	(46,410)
Cash flows from investing activities:				
Interest received	119,139	52,193	171,332	264,565
Net change in cash and cash equivalents	2,030,627	(134,958)	1,895,669	(1,897,910)
Cash and cash equivalents, beginning of year	5,470,183	1,856,889	7,327,072	9,224,982
Cash and cash equivalents, end of year	$ 7,500,810	1,721,931	9,222,741	7,327,072
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 4,622,861	(337,436)	4,285,425	346,764
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation	1,058,739	119,316	1,178,055	1,106,637
Effects of changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	(49,682)	106,172	56,490	(66,272)
(Increase) decrease in inventory	-	(6,238)	(6,238)	(7,639)
Increase (decrease) in accounts payable	337,716	9,405	347,121	(709,713)
Increase in compensated absences	8,725	(19,852)	(11,127)	(38,053)
Net cash provided by (used in) operating activities	$ 5,978,359	(128,633)	5,849,726	631,724

Statement of Fiduciary Net Position
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Police Pension Trust Fund	Custodial Fund	Totals 2026	Totals 2025
ASSETS				
Cash and cash equivalents	$ 6,680,023	187,307	6,867,330	4,988,797
Investments:				
Pooled investments	23,239,418	-	23,239,418	20,319,160
Prepaid expenses	400	-	400	400
Total assets	29,919,841	187,307	30,107,148	25,308,357
LIABILITIES				
Accounts payable	2,282	-	2,282	1,387
Payable to others	-	187,307	187,307	178,266
Total liabilities	2,282	187,307	189,589	179,653
NET POSITION				
Held in trust for pension benefits	$ 29,917,559	-	29,917,559	25,128,704

The Notes to Basic Financial Statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Police Pension Trust Fund	
	2026	2025
Additions:		
Contributions:		
Employer contributions	$ 1,448,781	1,396,332
Plan member contributions	296,153	333,044
Other contributions	40,074	-
Total contributions	1,785,008	1,729,376
Net investment income:		
Net change in fair value of investments	4,466,202	1,805,726
Investment income	284,348	265,262
Total investment income	4,750,550	2,070,988
Less: Investment expense	(19,909)	(13,795)
Net investment income	4,730,641	2,057,193
Total additions	6,515,649	3,786,569
Deductions:		
Administrative	53,654	93,802
Benefit payments, including member refunds	1,673,140	1,533,656
Total deductions	1,726,794	1,627,458
Changes in net position	4,788,855	2,159,111
Net position, beginning of year	25,128,704	22,969,593
Net position, end of year	$ 29,917,559	25,128,704

The Notes to Basic Financial Statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Morris, Illinois (the City) was incorporated on February 12, 1853, and operates under an aldermanic-city form of government consisting of eight elected aldermen and a mayor. Services provided include police protection, collection and disposal of refuse, water and sewer services, storm water management, parks, swimming pool, airport facilities, and maintenance of streets.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the government are described below.

A. The Financial Reporting Entity

For financial reporting purposes, the City of Morris, Illinois has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. GASB has set forth criteria in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Police Pension Employees Retirement System

The City's sworn police employees participate in the Police Pension Employees Retirement System (PPERS). It functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary and two elected police employees constitute the pension board. The pension system is a component unit because of the composition of the board and the fact that the City is required by state statute to provide a majority of the funding. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it was part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. The activities of the Police Pension Employees Retirement System are accounted for in the Police Pension Trust Fund.

B. Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. As a general rule, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation – (Continued)

Government-wide Financial Statements – (Continued)

The Statement of Net Position presents the City's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	Total Government
Capital Assets, net of accumulated deprecation	$ 41,192,898	52,998,480	94,191,378
Less:			
Loan from General Fund	-	(122,596)	(122,596)
Notes payable	-	(7,018,594)	(7,018,594)
Revenue bonds payable	-	(528,742)	(528,742)
Net investment in capital assets	$ 41,192,898	45,328,548	86,521,446

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets." Unrestricted net position may be subject to constraints imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The City does not allocate indirect costs.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation – (Continued)

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The City reports the following major governmental funds:

General Fund – This is the City's primary operating fund. It accounts for all financial resources, except those to be accounted for in another fund. The City's General Fund primarily receives revenues from local property and sales taxes.

Tax Increment Financing Fund I – Accounts for capital improvements and community development for a specific area of the City established as a Tax Increment Financing District. Revenues are primarily comprised of incremental property tax proceeds.

Marina Tax Increment Financing Fund – Accounts for capital improvements and community development for a specific proposed marina area of the City established as a Tax Increment Financing District. Revenues are primarily comprised of incremental property tax proceeds.

The City reports the following major proprietary funds:

Water and Sewer Fund – Accounts for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system, billing and collection activities, and garbage collection. All costs are financed through charges made to utility customers with rates reviewed annually and adjusted if necessary to ensure integrity of the fund.

Airport Fund – Accounts for the operation of the City's airport facility. Activities of the fund include administration, operation and maintenance of the airport facilities and billing and collection activities. All costs are financed through charges made to airport customers primarily for hangar rental, facility rental and fuel sales. Lease and fuel sale rates are reviewed regularly and adjusted if necessary to ensure integrity of the fund.

The City also reports fiduciary funds which focus on net position and changes in net position. The City's fiduciary funds include the Police Pension Trust Fund and a custodial fund.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Basis of Presentation – (Continued)

Fund Financial Statements – (Continued)

The City's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

During the course of operations the government has activity between and among funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days after year-end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Measurement Focus and Basis of Accounting – (Continued)

Property taxes, sales taxes, other intergovernmental taxes, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash and Cash Equivalents

Cash and cash equivalents are pooled into common accounts in order to maximize investment opportunities and improve cash management. The City considers all cash on hand, demand deposits, money market accounts, certificates of deposit, and short-term investments with original maturities of three months of less from the date of acquisition to be cash equivalents.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Investments

State statutes authorize the government to invest in the following:

1. Commercial banks
2. Savings and loan institutions
3. Obligations of the US Treasury and US Agencies
4. Obligations of the States and their political subdivisions
5. Credit union shares
6. Repurchase agreements
7. Commercial paper rated within the three highest classifications by at least two standard rating services
8. Illinois Public Treasurer's Investment Pool

The Police Pension Trust Fund may invest in other investments including general and special accounts of life insurance companies, mutual funds, bank managed funds and equities.

Investments, all of which are reported in the Pension Trust Fund, are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at last reported sales price at current exchange rates, and investments that do not have established markets are reported at estimated fair value.

Restricted Assets

The City elects to use restricted before unrestricted assets when the situation arises where either can be used. Certain assets of the Water & Sewer Fund are restricted because their use is limited by applicable debt agreements.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales taxes, property taxes, motel taxes, franchise fees, and various other taxes. Business-type activities report service fees as their major receivables.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Property Taxes

The City levies its property tax for the subsequent year in December. This levy is certified to the County of Grundy, as they are the collection agency for taxes within the county. Taxes are recognized as receivables in the current year when the City is notified by the County of the amount. Property taxes attach as an enforceable lien on property on January 1 and are payable in two installments on July 1 and September 1, and collections are remitted to the City from July through December. When the receivable for taxes is recognized by the City, the amount estimated to be uncollectible is not recorded as it is always less than ½ of one percent and considered immaterial to the financial statements taken as a whole.

Under current procedures, the County Treasurer distributes all property taxes received to the City including amounts paid by taxpayers that have filed tax objections in the circuit court that such taxes are illegal and excessive. Any tax objections that are sustained in the subsequent legal proceedings are deducted from future property tax distributions that are due to the City.

In the Fund Financial Statements, property tax revenues are recognized under the modified accrual basis of accounting so that (a) taxes relating to the current budget and collected within 60 days after the end of the fiscal year be recognized as revenue currently; and (b) a property tax assessment made during the current year for the purpose of financing the budget of the following fiscal period be recorded as receivable and unavailable revenue to be recognized as revenue in the future period for which it was levied.

Property taxes generated from the 2024 property tax levy ($3,293,930) are used to finance the operating budget of the fiscal year ending April 30, 2026. Although the 2025 property tax levy receivable has been recorded, the related revenue ($3,607,333) is deferred in both the government-wide and fund financial statements. Recognition of revenue is deferred until the year it is intended to finance. Additional property tax information is on page 117.

Customer Accounts Receivable and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the City could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require excessive collection costs are written off to the allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Receivables from Others

Receivables due from others primarily represent various shared revenues from other entities. Shared revenues are recognized when the underlying exchange takes place. Items in this category include sales taxes, income and replacement taxes, motel taxes, franchise taxes and various other taxes collected by others for the City.

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions among funds. To the extent certain transactions between funds had not been paid or received as of April 30, 2026, balances of inter-fund amounts receivable or payable have been reported in the fund financial statements. Inter-fund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as “internal balances”.

Inventories

Inventory of the proprietary funds (Airport Fund) consists of fuel and oil supplies. Amounts on hand are stated at cost (first-in, first-out). Inventories are not material to the governmental funds and therefore are reported as expenditures at the time of purchase.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements, and in the fund financial statements for proprietary funds. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of one year. Purchased or constructed assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are recorded as expenditures at the acquisition date in the fund financial statements of the governmental funds. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives.

Category	Life Range (Years)	Threshold
Buildings and building improvements	25-50	$ 100,000
Infrastructure	15-100	250,000
Land Improvements	10-50	50,000
Machinery and Equipment	5-20	10,000
Vehicles	5-10	15,000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Impairment of Long-lived Assets

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position and the fund Balance Sheets sometimes report separate sections for deferred outflows / inflows of resources. These separate financial statement elements represent a consumption / acquisition of net position that applies to a future year(s) and so will not be recognized as an outflow (expense / expenditure) or inflow (revenue) of resources until then.

The City has three items that qualify for reporting as deferred outflows of resources. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The remaining two items are related to the City's pension and OPEB plans and are only recorded in the government-wide statement of net position.

The City has two types of items that qualify for reporting as deferred inflows of resources. One item, *unavailable property tax revenue*, is reported in the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. The remaining item is related to the City's pension plans and is only recorded in the government-wide statement of net position.

Compensated Absences

The City's policy allows full-time employees to accumulate unused sick leave to a maximum of 37 ½ days per year cumulative to 112 ½ total days based upon length of employment. Police personnel may accumulate unused sick leave to a maximum of 17 ½ days per year cumulative to 1,080 hours based upon length of employment. Earned vacation and personal time are generally required to be used within one year of being earned and are not cumulative. Carry-Over: All non-represented full-time employees who have completed six (6) months of employment will earn sick hours annually on their benefit accruals date. Sick pay may be accumulated for up to a maximum of 900 hours. If enrolled in the Retirement Healthcare Funding Plan/Section 115 Trust, any sick time accumulation over 900 hours as of January 1st of each year will be deposited in the Plan at 50% value. If not enrolled in the Plan, any sick time accumulated over 900 hours will be lost.

The City has recorded a liability for accumulated compensated absences of $1,332,711 as of April 30, 2026. See Note 6 for further information.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Position and the Proprietary Fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF), and the Police Pension Fund, and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan, and additions to / deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity – (Continued)

Fund Equity – (Continued):

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable:

   This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

2. Restricted:

   This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grants, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

3. Committed:

   This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

4. Assigned:

   Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

5. Unassigned:

   This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund equity during the reporting period. Actual results could differ from those estimates.

F. Change in Accounting Standards

While GASB 96 was in effect as of April 30, 2026, there were no agreements that met the requirements of this pronouncement.

NOTE 2: DEPOSITS AND INVESTMENTS

The City has a policy that deposits of public funds will be done in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to applicable state statutes under the Illinois Public Funds Investment Act. During the current fiscal year, except for the Police Pension Fund, the City only holds certificates of deposit with maturities less than 90 days, checking accounts, and interest bearing NOW and money market accounts.

Custodial Credit Risk - Cash

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of the City.

At year-end, the carrying amount of the City's deposits was $29,998,714, including petty cash, and excluding fiduciary fund balances, and bank balances totaled $30,772,467. $1,000,000 of the bank balance was covered by federal depository insurance, with the remaining balance having specific pledged collateral in the name of the City. Deposits at April 30, 2026, are as follows:

	Bank Balance	Carrying Amount
Bank demand deposits/NOW accounts	$ 30,772,467	29,998,714
Total cash and cash equivalents - City	$ 30,772,467	29,998,714
Fiduciary Funds	$ 6,867,330	6,867,330
Total cash and cash equivalents	$ 37,639,797	36,866,044

NOTE 2: DEPOSITS AND INVESTMENTS – (CONTINUED)

Investments

The Illinois Police Officers' Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF' s investments, please refer to their annual report, which can be obtained from IFPIF at 456 Fulton Street, Suite 402 Peoria, Illinois 61602 or at www.ipopif.org.

Deposits. The Fund retains all its available cash with two financial institutions. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund’s cash on hand totaled $6,680,023 and the bank balances totaled $6,680,023.

Custodial Credit Risk. For deposits, the Fund 's investment policy limits the exposure to custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution equal to at least 100% of the value of the deposit. At April 30, 2026, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

Investments. At year-end, the Fund has $23,239,418 invested in IPOPIF, which is measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org.

NOTE 3: FAIR VALUE MEASUREMENTS

For disclosure purposes, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments measured at fair value on a recurring basis are disclosed below:

		Fair Value Measurements Using		
	Balance at April 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled Investments	$ 23,239,418	23,239,418	-	-
Total investments	$ 23,239,418	23,239,418	-	-

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate Bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 4: RECEIVABLES

In the government-wide and fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends. Major receivable balances for the governmental activities include sales taxes, property taxes, franchise fees, and various other taxes. Business-type activities report service fees as their major receivables. All receivable balances are presented in detail in the government-wide and fund financial statements.

NOTE 5: CHANGES IN CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended April 30, 2026 was as follows:

	Balance as of May 1, 2025	Additions	Deletions	Balance as of April 30, 2026
Capital assets not being depreciated:				
Land	$ 6,528,556	-	-	6,528,556
Construction in progress	5,760,223	3,229,233	6,732,768	2,256,688
Total capital assets not being depreciated	12,288,779	3,229,233	6,732,768	8,785,244
Capital assets being depreciated:				
Land improvements	4,610,722	-	-	4,610,722
Buildings & Improvements	14,843,662	7,189,279	-	22,032,941
Machinery & equipment	3,591,778	418,265	-	4,010,043
Vehicles	3,353,075	331,584	-	3,684,659
Infrastructure	50,842,934	1,697,089	-	52,540,023
Total capital assets being depreciated	77,242,171	9,636,217	-	86,878,388
Total capital assets	89,530,950	12,865,450	6,732,768	95,663,632
Less accumulated depreciation:				
Land improvements	1,990,863	157,167	-	2,148,030
Buildings & improvements	3,710,655	487,472	-	4,198,127
Machinery & equipment	1,849,743	275,029	-	2,124,772
Vehicles	2,690,084	184,184	-	2,874,268
Infrastructure	42,671,176	454,361	-	43,125,537
Total accumulated depreciation:	52,912,521	1,558,213	-	54,470,734
Total capital assets being depreciated, net	24,329,650	8,078,004	-	32,407,654
Governmental activities capital assets, net	$ 36,618,429	11,307,237	6,732,768	41,192,898

Depreciation for governmental activities in the current fiscal year was $1,558,213 and was allocated as follows:

General Government	$ 168,663
Public Safety	79,101
Transportation & Public Service	1,210,950
Culture & Recreation	99,499
Toal Depreciation - Governmental Activities	$ 1,558,213

Significant capital additions for the year included the Public Works Facility ($6,732,768), the Route 47 Decorative Lighting Project ($1,341,011), the Public Works Salt Shed ($456,510), 2025 Street Maintenance ($245,131), and a Mid-Monument Sign ($110,946).

Construction in progress at April 30, 2026 included the South Brisbin Road Improvement Project ($995,658) and the Gun Club Road Improvement Project ($741,008).

NOTE 5: CHANGES IN CAPITAL ASSETS – (CONTINUED)

Capital asset activity for business-type activities for the year ended April 30, 2026 was as follows:

	Balance as of May 1, 2025	Additions	Deletions	Balance as of April 30, 2026
Capital assets not being depreciated:				
Land	$ 8,948,924	-	-	8,948,924
Construction in progress	1,673,730	5,748,598	1,141,675	6,280,653
Total capital assets not being depreciated	10,622,654	5,748,598	1,141,675	15,229,577
Depreciable capital assets:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	2,393,426	-	-	2,393,426
Machinery & equipment	1,662,612	336,193	-	1,998,805
Vehicles	652,739	151,886	-	804,625
Infrastructure	67,274,038	1,337,937	-	68,611,975
Total depreciable capital assets:	72,041,160	1,826,016	-	73,867,176
Total capital assets	82,663,814	7,574,614	1,141,675	89,096,753
Less accumulated depreciation:				
Land improvements	58,345	-	-	58,345
Buildings & improvements	1,061,946	50,961	-	1,112,907
Machinery & equipment	720,870	124,870	-	845,740
Vehicles	491,972	54,046	-	546,018
Infrastructure	32,588,952	946,311	-	33,535,263
Total accumulated depreciation	34,922,085	1,176,188	-	36,098,273
Total capital assets being depreciated, net	37,119,075	649,828	-	37,768,903
Business-type activities capital assets, net	$ 47,741,729	6,398,426	1,141,675	52,998,480

Depreciation expense for business-type activities in the current fiscal year was $1,176,188 and was charged as follows:

Water/Sewer	$ 1,056,872
Airport	119,316
Total Deprecation - Business-Type Activities	$ 1,176,188

Significant capital additions for the year included the Water and Sewer Extension ($971,875), a Softener Media Replacement ($169,799), Self-Service Fueling ($142,695), and a Lift Station Replacement ($133,662).

Construction in progress at April 30, 2026 included the Sewer Rehab ($4,030,220), Wells 8 & 9 ($1,065,816), and the East Wastewater Treatment Plant Expansion ($454,543).

NOTE 6: LONG-TERM LIABILITIES

Long-term liability activity for the year ended April 30, 2026, was as follows:

	Balance at May 1, 2025	Additions	Deductions	Balance at April 30, 2026	Due Within One Year
Governmental Activities:					
Landfill Closure (Note 11)	$ 15,937,024	-	-	15,937,024	-
Compensated Absences (Note 1)	1,043,219	137,982	-	1,181,201	472,480
Total OPEB Liability (Note 9)	1,440,764	200,778	129,819	1,511,723	-
Net Pension Liability (Asset) (Note 8)	7,622,234	-	3,819,828	3,802,406	-
Total Governmental Activities	$ 26,043,241	338,760	3,949,647	22,432,354	472,480
Business-type Activities:					
General Obligation Waterworks and Sewerage Refunding Bonds (Alt. Rev Source) Series 2012	$ 1,040,000	-	515,000	525,000	525,000
Bond Premium/(Discount), Net	10,095	-	6,353	3,742	3,742
Note Payable - Busey Bank	3,305,435	-	992,635	2,312,800	1,023,853
Note Payable - Grundy Bank	1,904,785	4,030,219	1,229,210	4,705,794	1,146,775
Asset retirement obligation	140,000	-	-	140,000	-
Leases - Right to Use	17,673	-	17,673	-	-
Compensated Absences (Note 1)	162,637	-	11,127	151,510	60,604
Total Business-type activities	$ 6,580,625	4,030,219	2,771,998	7,838,846	2,759,974

Compensated absences and net police pension liabilities of governmental activities are paid from the General Fund. Net IMRF pension liabilities of governmental activities are paid from the IMRF Fund. General obligation debt and compensated absences of business-type activities are paid from the Water and Sewer Fund, while capital lease liabilities of business-type activities are paid from the Airport Fund.

Total interest expense of $207,236 on long-term debt has been directly charged to business-type activities as follows: Water and Sewer Fund - $207,236.

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED):

Series 2012 General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source)

On December 4, 2012, the City issued $5,450,000 in series 2012 general obligation waterworks and sewerage refunding bonds (alternate revenue source) to advance refund a portion of the City's outstanding general obligation waterworks and sewerage bonds (alternate revenue source) series 2006 and pay associated costs with the issuance of the bonds. The net proceeds of $5,444,267, provided resources to purchase U.S. government securities that were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments ($4,850,000) of the refunded portion of the 2006 series bonds. As a result, the 2006 series bonds maturing on and after December 1, 2016, were considered defeased and the liability for those bonds had been removed from the City's financial statements. All bonds maturing on and after December 1, 2016, from the 2006 series bonds were retired on December 1,2015, with the funds on hand in the escrow account.

The advance refunding was undertaken to reduce future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by $594,267. This amount is shown as a deferred charge on refunding in the financial statements and is being netted against the new debt and amortized as a component of interest expense over the new debt's life, which is the same as the refunded debt. The transaction also resulted in an economic gain (difference between present values of the debt service payments on the old and new debt) of $382,234 and a reduction in total debt service payments over the next 14 years by $437,079.

Interest is payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2013, at rates from 2.00% to 2.30% with the Bank of New York Mellon Trust Company acting as paying agent, bond registrar and escrow agent for the refunded bonds. Bonds maturing on and after December 1, 2022, shall be subject to redemption prior to maturity on December 1, 2021, or any date thereafter in whole or in part on any interest payment date, in any order of maturity specified by the City at a redemption price equal to the principal amount to be so redeemed, plus accrued interest to the date fixed for redemption. Moody's Investor Services had issued an investment rating of "Aa2" at the time of the issue.

The Bonds are valid and legally binding general obligations of the City payable from (i) net revenues of the waterworks and sewerage system of the City (after the required monthly deposits and credits have been made to certain prior lien accounts, if any, established pursuant to future ordinances of the City authorizing waterworks and sewerage revenue bonds (the "net revenues"), (ii) from the City's receipts of its distributive share of (a) State of Illinois income taxes imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act, and (b) (the "Revenue Sharing Receipts"), retailer's occupation taxes, service occupation taxes, use taxes and service use taxes distributed pursuant to applicable law (the "sales taxes")(net revenues, revenue sharing receipts and sales taxes collectively constitute "pledged revenues"), and (c) from ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and by equitable judicial discretion.

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED):

Series 2012 General Obligation Waterworks and Sewerage Refunding Bonds (Alternate Revenue Source) – (Continued)

The annual requirements to retire series 2012 alternate revenue bond debt service to maturity follow:

Year Ending April 30,	Principal	Interest	Total P&I
2027	$ 525,000	12,075	537,075
	$ 525,000	12,075	537,075

Note Payable - Busey Bank

The City obtained a $5,000,000 construction line of credit from Busey Bank for construction costs on the Water Tower Project. The line of credit was converted into a note payable. The note will mature May 17, 2028 at a rate of 2.8% and requires quarterly payments of $269,088, which includes both principal and interest.

Note Payable - Grundy Bank

The City obtained a $7,000,000 construction line of credit from Grundy Bank for construction costs on the Sanitary Sewer Rehabilitation Project. The line of credit was converted into a note payable. The note will mature on February 7, 2030 at a rate of 4.8% and requires quarterly payments of $337,947, which includes both principal and interest.

A summary of the annual loan principal and interest requirements to maturity is as follows:

Year Ending April 30,	Principal	Interest	Total P&I
2027	$ 2,170,628	257,513	2,428,141
2028	2,253,935	174,205	2,428,140
2029	1,499,064	92,099	1,591,163
2030	1,094,966	28,923	1,123,889
	$ 7,018,593	552,740	7,571,333

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon five water wells at the end of their estimated useful lives in accordance with state requirements. The ARO was measured using historical costs for similar abandonments, adjusted for inflation through the end of the year and engineering estimates. The estimated remaining useful lives of the water wells is 75 years.

NOTE 6: LONG-TERM LIABILITIES – (CONTINUED):

Lease Liabilities

Kubota Equipment Lease

On December 8, 2023, the City entered into a lease agreement with Kubota for equipment in the amount of $48,938. The lease has an interest rate of 8.60% and matures on December 8, 2025. The lease was paid in full out of the Airport Fund in the current year.

The lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance April 30, 2026
Kubota	12/8/2023	3 years	$ 19,194	8.60%	$ 48,938	$ -

NOTE 7: LEGAL DEBT MARGIN

Legal debt margin is the percent of the City's assessed valuation which is subject to debt limitation. The statutory debt limitation for the City is 8.625%. The City's legal debt margin is as follows as of April 30, 2026:

Assessed valuation (2025) - Including TIF Districts		$ 544,996,728
Statutory debt limitation (8.625%)		$ 47,005,968
Debt applicable to limitation:		
General Obligation Refunding Bonds (ARS), Series 2012	$ 525,000	
Notes payable	7,018,593	
Total applicable debt	7,543,593	
Less amounts not included in the debt limitation:		
Self-supporting bonded debt	(525,000)	
Notes payable	(7,018,593)	
Total debt applicable to the debt limitation	(7,543,593)	
Legal debt margin		$ 47,005,968

NOTE 8: DEFINED BENEFIT PENSION PLANS

The City's total liability for pensions is reported in the Statement of Activities as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Pension Liability (Asset)	Pension Expense (Income)
Police Pension	$ 1,396,896	(3,276,557)	5,163,314	752,694
IMRF	1,618,197	(2,289,643)	(1,360,908)	72,710
Totals	$ 3,015,093	(5,566,200)	3,802,406	825,404

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of an agent multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF.

Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. That report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected City Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 – 2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of original pension amount
- ½ of the increase in the Consumer Price Index of the original pension amount.

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Membership

As of December 31, 2025, the City's plan membership consisted of the following:

Retirees and beneficiaries	69
Inactive, non-retired members	20
Active members	56
Total	145

Contributions

As set by statute, the City's Regular plan members are required to contribute a percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The required contribution rates and actual City contributions for calendar year 2025 and the fiscal year ended April 30, 2026, are summarized below. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Member contribution rate	4.50%
City contribution rate - 2025	5.18%
City contribution rate - 2026	4.89%
City contributions - 2025	$ 262,706
City contributions - fiscal year 2026	$ 258,974

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of December 31, 2025. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2025:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2023 valuation according to an experience study from years 2020 to 2022.
- The IMRF-specific rates for Mortality (for non-disabled retirees) were developed using the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021.
- For Disabled Retirees, an IMRF-specific mortality rate was developed using Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- For Active Members, an IMRF- specific mortality rate was developed using Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2025.

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	32.5%	7.35%
International Equity	18.0%	7.45%
Fixed Income	24.0%	4.75%
Real Estate	10.5%	6.25%
Alternative Investments	14.0%	3.90%-8.50%
Cash Equivalents	1.0%	3.00%
Total	100.0%	

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Single Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

The single discount rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For purposes of the December 31, 2025, valuations, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.83%, and the resulting single discount rate is 7.25%.

Changes in Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2024	$ 23,511,221	23,815,304	(304,083)
Changes for the year:			
Service Cost	385,214	-	385,214
Interest on the Total Pension Liability	1,672,524	-	1,672,524
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	957,202 -	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	262,706	(262,706)
Contributions - Employees	-	205,384	(205,384)
Net Investment Income	-	3,554,162	(3,554,162)
Benefit Payments, including Refunds of Employee Contributions	(1,269,059)	(1,269,059)	-
Other (Net Transfer)	-	49,513	(49,513)
Net Changes	1,745,881	2,802,706	(2,014,027)
Balances at December 31, 2025	$ 25,257,102	26,618,010	(1,360,908)

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Illinois Municipal Retirement Fund – (Continued)

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is 1.00% lower or 1.00% higher.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	$ 27,934,340	25,257,102	23,095,136
Plan Fiduciary Net Position	26,618,010	26,618,010	26,618,010
Net Pension Liability (Asset)	$ 1,316,330	(1,360,908)	(3,522,874)

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended April 30, 2026, the City recognized pension expense of $72,710. At April 30, 2026, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 673,427	207,415
Changes in assumptions	-	1,308
Net difference between projected and actual earnings on pension plan investments	873,474	2,080,920
Total deferred amounts to be recognized in future pension expense	1,546,901	2,289,643
Contributions subsequent to the measurement date	71,296	-
Total	$ 1,618,197	2,289,643

$75,950 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Calendar Year Ending December 31,	Net Deferred Outflows of Resources
2026	$ 359,429
2027	(359,200)
2028	(372,014)
2029	(370,957)
2030	-
Thereafter	-
	$ (742,742)

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan

Plan Description

Administration

The City of Morris Police Pension Fund was created and is administered as prescribed by "Article 3 Police Pension Fund – Municipalities 500,000 and under" of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). Police sworn personnel are covered by the Plan. Although this is a defined-benefit single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund and issues a separate report prepared by Lauterbach & Amen, LLP.

Membership

As of April 30, 2026, the City's plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled To but Not Yet Receiving Benefits	5
Active Plan Members	27
Total	57

Benefits Provided

The Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of the final salary for each year of service. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the originally granted pension and 3% compounded annually thereafter.

Surviving spouses receive 100% of the final salary for fatalities resulting from an act of duty, or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Benefits Provided – (Continued)

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at $106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year or service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

As set by statute, employees are required to contribute 9.91% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost of the Plan. For the year ended April 30, 2026, the City contribution was $1,448,781.

Investments

During the year ended June 30, 2022, the Pension Fund transferred its investments, with the exception of funds held in a money market account, into the Illinois Police Officers' Pension Investment Fund (IPOPIF). IPOPIF was established by legislative act of the Illinois General Assembly, P.A. 101-610, which took effect on January 1, 2020. The authority of IPOPIF to manage pension fund assets of Article 4 Pension Funds begins when there has been a physical transfer of the pension fund assets to the Fund and the assets have been placed in the custody of the Funds custodian or custodians. After the transition of investment assets from Article 4 Pension Funds to the Fund has been completed, the Fund has the authority to manage the pension fund assets of the transferor pension funds for the purpose of obtaining a total return on investments for the long term. The Fund is defined as an investment trust fund and an external investment pool. IPOPIF issues a publicly available Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.ipopif.org.

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Net Pension Liability

The City's net pension liability was measured as of April 30, 2026. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2025.

The components of the net pension liability of the Plan at April 30, 2026, were as follows:

Total Pension Liability	$ 35,080,873
Plan Fiduciary Net Position	29,917,559
Net Pension Liability	$ 5,163,314

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of May 1, 2025, using the following actuarial assumptions:

- The Actuarial Cost Method used was Entry Age Normal.
- The Amortization Method used was Level % Pay (Closed).
- The Asset Valuation Method used was 5-Year Smoothed Fair Value.
- High Quality 20 Year Tax-Exempt G.O. Bond Rate decreased from 5.24% to 4.74%
- The Inflation Rate was assumed to be 2.25%.
- Salary Increases were expected to be 2.25 – 11.51%.
- The Investment Rate of Return was assumed to be 7.00%.
- Retirement Rates are based on Lauterbach & Amen 2020 Illinois Police Retirement Rates capped at age 65.
- Disability and Termination Tates were based on Lauterbach & Amen 2020 Illinois Police Rates.
- Marital status assumption – 80% married.
- Active mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvements uses MP-2021 Improvement Rates applied on a fully generational basis. 25% of active member deaths are assumed to be in the Line of Duty.
- Retiree mortality follows the L&A Assumption Study for Police 2024. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are then improved fully generationally using MP-2021 Improvement Rates.
- Disabled mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2021 Improvement Rates applied on a fully generational basis.
- Spouse mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2021 Improvement Rates applied on a fully generational basis.

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Actuarial Assumptions – (Continued)

- The Long-Term Expected Rate of Return is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The target asset allocations show below are representative expectations as disclosed in the Illinois Police Officers' Pension Investment Fund Actuarial Experience Study, dated March 14, 2025, for plan funding purposes. The table below illustrates the best estimate of Long-Term Expected Rates of Return developed for each of the major asset classes, adjusted for expected inflation, as disclosed in the Versus 2026 Capital Market Assumptions (30-year return and risk assumptions), dated November 2025. The rates provided in the table below are based on a geometric average.

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectation	Long-Term Expected Real Rate of Return	Target Allocation
US Large	5.60%	2.50%	3.10%	23.00%
US Small	6.50%	2.50%	4.00%	5.00%
International Developed	6.70%	2.50%	4.20%	19.00%
International Developed Small	8.10%	2.50%	5.60%	5.00%
Emerging Markets	6.70%	2.50%	4.20%	6.00%
Private Equity	8.00%	2.50%	5.50%	7.00%
High Yield Corp. Credit	7.30%	2.50%	4.80%	3.00%
Emerging Markets Debt	7.15%	2.50%	4.65%	3.00%
Bank Loans	6.70%	2.50%	4.20%	3.00%
Private Credit	8.40%	2.50%	5.90%	5.00%
Real Estate	6.20%	2.50%	3.70%	5.00%
Infrastructure	8.20%	2.50%	5.70%	3.00%
Cash	3.90%	2.50%	1.40%	1.00%
Short-Term Gov't/Credit	4.90%	2.50%	2.40%	3.00%
US Treasury	4.70%	2.50%	2.20%	3.00%
US TIPS	4.70%	2.50%	2.20%	3.00%
Core Fixed Income	5.60%	2.50%	3.10%	3.00%

For the year ended April 30, 2026, the annual money-weighted rate of return on Police Pension Plan investments, net of expenses, was not available. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for changing amounts actually invested.

Bond Rate

The High-Quality 20 Year Tax-Exempt General Obligation ("G.O.") Bond Rate assumption was changed from 5.24% to 4.74% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index as discussed in more detail later in this section. The choice of Index is unchanged from the prior year. The rate has been updated to the current Fiscal Year End based on changes in market conditions as reflected in the Index.

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Discount Rate

A Single Discount Rate of 7.00% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.00% and the resulting single discount rate is 7.00%, because the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2025	$ 33,055,021	25,128,704	7,926,317
Changes for the year:			
Service Cost	630,194	-	630,194
Interest on the Total Pension Liability	2,312,482	-	2,312,482
Differences Between Expected and Actual Experience of the Total Pension Liability	756,316	-	756,316
Changes of Assumptions	-	-	-
Change of Benefit Terms	-	-	-
Contributions - Employer	-	1,448,781	(1,448,781)
Contributions - Employees	-	296,153	(296,153)
Contributions - Other	-	40,074	(40,074)
Net Investment Income	-	4,730,641	(4,730,641)
Benefit Payments, including Refunds of Employee Contributions	(1,673,140)	(1,673,140)	-
Other	-	(53,654)	53,654
Net Changes	2,025,852	4,788,855	(2,763,003)
Balances at April 30, 2026	$ 35,080,873	29,917,559	5,163,314

NOTE 8: DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Police Pension Plan – (Continued)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability/(Asset)	$ 9,930,176	5,163,314	1,262,499

Pension Expense and Deferred Outflows / Inflows of Resources Related to Pensions

For the year ended April 30, 2026, the City recognized pension expense of $752,694. At April 30, 2026, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,035,394	507,907
Changes in assumptions	200,559	10,062
Net difference between projected and actual earnings on pension plan investments	160,943	2,758,588
Total	$ 1,396,896	3,276,557

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense in future periods as follows:

Year Ending April 30,	Net Deferred Outlows of Resources
2027	$ (457,425)
2028	(570,519)
2029	(464,917)
2030	(450,143)
2031	67,706
Thereafter	(4,363)
	$ (1,879,661)

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 8, the City provides healthcare insurance for certain retired employees. All employees who meet the IMRF or Police Pension retirement eligibility requirements may participate in the healthcare insurance program, which covers both active and retired members. The plan does not issue a separate report. The activity of the plan is reported with the City's governmental activities in the accompanying financial statements.

Benefits Provided

Medical / Prescription Coverage

- IMRF & non-PSEBA Police Officers:
  - Under age 65 – retiree pays full cost of coverage, including dependents; dependent or spousal coverage may continue under COBRA provisions should retiree coverage terminate.
  - Age 65 and over – retiree pays full cost of coverage with the Plan being secondary to Medicare; dependent or spousal coverage may continue under COBRA provisions should retiree coverage terminate.
- PSEBA Police Officers:
  - Under age 65 – City pays full cost of coverage, including any dependents; dependent or spousal coverage continues should retiree coverage terminate.
  - Age 65 and over – City pays full cost of coverage with the Plan being secondary to Medicare; dependent or spousal coverage continues should retiree coverage terminate.

Dental, Vision, and Life Coverage

- IMRF and non-PSEBA Police Officers:
  - Retiree pays for the full cost of coverage, including any dependents, for dental and vision. Dependent or spousal coverage may continue under COBRA provisions should retiree coverage terminate.
  - Dental and vision coverage may continue past Medicare eligibility, with the retiree paying the full cost of coverage.
  - Retirees are permitted to remain on life insurance in retirement, with the retiree paying the full cost of coverage (coverage may be reduced depending on the retiree's age at retirement).
- PSEBA Police Officers:
  - The City may pay for the full cost of coverage, including any dependents, for dental, vision and life insurance. Dependent or spousal coverage may continue should retiree coverage terminate.
  - Dental, vision, and life insurance coverage may continue past Medicare eligibility, with the City continuing to pay the full cost of coverage, including any dependents. The plans are secondary to Medicare once applicable.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

Membership

As of April 30, 2026, the following employees were covered by the benefit terms:

Active employees	74
Inactive employees entitled to but not yet receiving benefits	0
Inactive employees currently receiving benefits	8
Total	82

Contributions

The City Council determines the benefits to be provided and contribution requirements. The City currently funds these benefits on a pay-as-you-go basis and has not established a separate trust fund. The employees reimburse the City for the full monthly premium, if applicable.

A portion of the City's contributions and benefit payments is based on the cost-sharing provisions of the plan. In addition, a portion is related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

Of the benefit payments made in 2026, $8,405 are explicit benefit payments due to the PSEBA pensioners and $121,414 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums.

Net OPEB Liability

At April 30, 2026, the City had a net OPEB liability for the plan, determined as follows:

Total OPEB Liability	$	1,511,723
Plan Fiduciary Net Position		-
Net OPEB Liability	$	1,511,723

The net OPEB liability was measured as of April 30, 2026 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of May 1, 2026.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

Changes in the Net OPEB Liability

	Total OPEB Liability (A)	Plan Fiduciary Net Position (B)	Net OPEB Liability (A) - (B)
Balances at May 1, 2025	$ 1,440,764	-	1,440,764
Changes for the year:			
Service Cost	56,941	-	56,941
Interest	72,094	-	72,094
Differences in Actuarial Experience	-	-	-
Changes of Assumptions	71,743	-	71,743
Contributions - Employer	-	129,819	(129,819)
Contributions - Employees	-	-	-
Net Investment Income	-	-	-
Benefit Payments	(129,819)	(129,819)	-
Administrative expense	-	-	-
Net Changes	70,959	-	70,959
Balances at April 30, 2026	$ 1,511,723	-	1,511,723

Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at April 30, 2026:

- The Actuarial Cost Method used was Entry Age Normal
- Discount rate used for the Total OPEB Liability:
  - Beginning of year – 5.24%
  - End of year – 4.74%
- High Quality 20 Year Tax-Exempt GO Bond Rate:
  - Beginning of year – 5.24%
  - End of year – 4.74%
- Payroll increases – 2.75%
- Healthcare Cost Trend Rates – The initial trend rate is based on the 2025 Segal Health Plan Cost Trend Survey. The grading period and ultimate trend rates selected fall within a generally accepted range.
- Election at retirement is assumed to be 10%, except for police currently waiving coverage, which are assumed to elect coverage at 3%.
- Spousal election assumption is 50%
- Plan participation rates – 100%
- Retiree lapse ranges upon attaining age 65 – 0%
- Termination & Disability rates are based on the IMRF 2024 rates for IMRF employees and on the L&A Assumption Study 2024 for Police Officers.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

Actuarial Assumptions – (Continued)

- Mortality Rates for retirees, spouses, and disabled retirees follow the Sex Distinct Raw Rates as developed in the MP-2021 Study, with Blue Collar Adjustments. These rates are improved generationally using MP-2021 Improvement Rates.

Single Discount Rate

There is currently no expectation for future returns on OPEB Plan assets since the OPEB obligation is an unfunded obligation. The City does not have a trust dedicated exclusively to the payment of OPEB benefits.

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the municipal bond rate. Because the City does not have a trust dedicated exclusively to the payment of OPEB benefits, only the municipal bond rate is used in determining the Total OPEB Liability. The municipal bond rate at April 30, 2026, was 4.74%.

The municipal bond rate assumption is based on the Bond Buyer 20-Bond GO Index. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent to Moody's Aa2 and Standard & Poor's AA.

Sensitivity of Net OPEB Liability to the Single Discount Rate

The following represents the City's net OPEB liability calculated using the above-referenced single discount rate, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (3.74%)	Current Discount Rate (4.74%)	1% Increase (5.74%)
Net OPEB Liability/(Asset)	$ 1,674,857	1,511,723	1,373,927

The sensitivity of the Net OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

Sensitivity of Net OPEB Liability to the Health Care Cost Trend Rate

The following represents the City's net OPEB liability as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rate.

	1% Decrease (Varies)	Current Trend Rate (Varies)	1% Increase (Varies)
Net OPEB Liability/(Asset)	$ 1,339,395	1,511,723	1,722,379

Current healthcare cost trend rates are as follows:

- Medical trend rates for retirees under 65 decrease from 7.58% to 5.00%.
- Dental trend rates remain flat at 4.50%
- Vision trend rates remain flat at 1.00%
- Life insurance trend rates remain flat at 0.00%

OPEB Expense and Deferred Outflows / Inflows of Resources Related to OPEB

For the year ended April 30, 2026, the City recognized OPEB expense of $200,778.

At April 30, 2026, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Total	$ -	-

NOTE 9: OTHER POST-EMPLOYMENT BENEFITS – (CONTINUED)

OPEB Expense and Deferred Outflows / Inflows of Resources Related to OPEB

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending April 30,	Deferred Outflows	Deferred Inflows
2027	$ -	-
2028	-	-
2029	-	-
2030	-	-
2031	-	-
Thereafter	-	-
	$ -	-

NOTE 10: INTER-FUND BALANCES AND TRANSFERS

Interfund Balances

The following is a schedule of interfund receivables and payables as of April 30, 2026:

	Due To Other Funds	Due From Other Funds
General Fund	$ -	122,596
Airport Fund:		
Operations Fund	122,596	1,000,000
Development Fund	1,000,000	-
Water and Sewer:		
Operations and Maintenance Fund	-	4,100,000
Capital Improvement Funds	4,100,000	-
Total	$ 5,222,596	5,222,596

The interfund balances above represent an advance from the General Fund to the Airport Operations Fund for capital improvement costs, and an advance from the Airport Operations Fund to the Airport Development Fund for capital project financing until grant revenues can be obtained. The interfund balances in the Water and Sewer Funds represent a loan from the Capital Improvements Fund to the Operations and Maintenance Fund for infrastructure costs.

NOTE 10: INTER-FUND BALANCES AND TRANSFERS – (CONTINUED)

Operating Transfers

Below is a summary of operating transfers between funds for the year ended April 30, 2026:

	Transfers In	Transfers Out
TIF Fund I	-	1,100,000
Marina TIF Fund	1,100,000	-
Water and Sewer:		
Operations and Maintenance Fund	-	1,049,155
Capital Improvement Fund	510,000	-
Alternate Revenue Bond and Interest Fund	539,155	-
Total	$ 2,149,155	2,149,155

The transfer into the Marina TIF Fund from TIF Fund I was for capital project expenditures. The transfers for water and sewer were for debt payments and capital project expenditures.

NOTE 11: LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and federal laws require the operator of a landfill to place a final cover on the site when it stops accepting waste and to perform certain monitoring functions at the site for thirty years after closure. The City owns the land upon which a landfill facility is located, comprised of two parcels A and B, which have been developed and operated by Community Landfill Corporation. A June 8, 2009, decision by the Illinois Pollution Control Board found Community Landfill Corporation must cease and desist from accepting any additional waste at the site, legally making the remaining capacity zero cubic yards.

The most recent IEPA-approved estimates available for closure and post-closure costs were provided in connection with approval of a significant modification permit for the facility in December of 2024. These estimates of closure costs reflect current third-party costs and assume the IEPA will contract for all closure and post-closure care work. Those estimates of closure costs total $5,564,725 and $6,210,811 for parcels A and B, respectively. Closure costs include equipment decontamination; drainage control; cover placement; vegetation, gas probes, inspection and certification of groundwater collection trench; and administrative costs. In addition, costs of $950,000 are estimated to be required for Parcel B waste relocation.

The most recent IEPA-approved estimates of post-closure costs total $2,029,356 and $2,132,132 for parcels A and B, respectively. Post-closure care costs include inspections, cover and vegetative cover and maintenance, water and gas monitoring, organic testing, as well as leachate management and, treatment. State and federal laws and regulations require the performance of these maintenance and monitoring functions at the landfill site for 30 years after closure. In addition, the above figures include costs related to groundwater treatment, operations, and maintenance for a period of 100 years. Due to changes in technology, laws, or regulations these costs may change in the future.

NOTE 11: LANDFILL CLOSURE AND POST CLOSURE CARE COSTS – (CONTINUED)

According to the State, the original cost estimates adjusted for inflation total $22,739,617 in 2013 dollars. Engineering estimates of a City hired firm dispute these amounts as being outdated and substantially inaccurate, with recently revised present total closure/post-closure costs estimated to be $6,368,619 (including $3,300,062 for 30 years of post-closure costs). The entire issue of closure/post-closure financial responsibility is the subject of legal proceedings as explained below.

On August 5, 2011, the Third District Appellate Court set aside a 2006 ruling against the City by the Illinois Pollution Control Board and found that the City (1) did not violate the Environmental Protection Act or its regulations, (2) is not responsible for obtaining financial assurance for the landfill, and (3) is not liable for any civil penalty. The operator, Community Landfill Co., is still liable for putting up $17.4 million in financial assurance and payment of related penalties.

On October 13, 2013, the City received an EPA violation notice alleging that it is in violation of 415 ILCS 5/21 of the Illinois Environmental Protection Act, as well as other landfill closure/post-closure violations, similar to those recently successfully litigated. On March 24, 2014, the City then received a notice of intent to pursue legal action from the Illinois EPA. The State may file an action in the near future.

In addition to the above matters, in February 2011, an enforcement action pertaining to groundwater testing and monitoring was filed that requires testing and monitoring to resume. The action assesses various civil penalties of $50,000 for each violation and $10,000 for each day of violation. The case is currently pending.

A large portion of the $17,427,366 previously approved by the State constitutes the present value of 100 years of potential leachate and groundwater collection and treatment by a third party. This amount is in dispute because the City is presently treating and plans to continue to treat in the future all leachate collected from the landfill at its own facilities with no cost to the State. In addition, in the opinion of the City's landfill consultants, there are substantial questions as to whether the groundwater in question would need to be treated. Due to these issues, and the litigation described above, no agreed-upon estimate is currently available for the cost of leachate treatment. Pending final resolution of the entire matter, the potential liability could range from as low as zero to as high as $22,739,617. Currently, the revised estimate of $15,937,024 of closure/post closure costs is reflected as a potential liability of the City of Morris in the government-wide statement of net position.

NOTE 12: RISK MANAGEMENT

The City is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and injuries to employees. The City purchases insurance from a private carrier for coverage of general liability, property, and casualty coverage. The private insurance covers claims arising from general liability, automobile liability, errors and omissions, law enforcement liability, and property risks. There have been no significant reductions in coverage from the prior year and since there have been no settlements, they have not exceeded coverage in the past three years.

NOTE 13: CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amount, if any, to be immaterial.

NOTE 14: RISKS AND UNCERTAINTIES

The Pension Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term. Such changes could materially affect the amounts reported in the Statement of Net Position available for benefits.

NOTE 15: TAX ABATEMENTS

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments to disclose certain information about their tax abatement agreements. Currently, the City is not participating in any programs operated by other governments but has its own tax abatement programs described below.

- By the authority of 35 ILCS 200/18-184 and 65 ILCS 5/11-15.1-2 (e-5), the City enters into agreements with property owners to abate 100% of the City portion of property taxes on selected property that is the subject of an annexation agreement. The abatement typically remains in effect for a period of 20 years unless the property is developed. Once development of the property is approved, the abatement ceases. Once the abatement is filed, the property taxes are abated by the County Clerk before the issuance of the property tax bill. In exchange for the abatement of property taxes, the City benefits from the additional tax base provided by the annexation, as well as the inclusion of areas for future growth and development. Property taxes abated under this program total $90,306 for the 2024 levy year and $88,997 for the 2025 levy year.

- By the authority of 65 ILCS 5/8-11-20, the City enters into economic incentive agreements. Under these agreements, the City, at its discretion, agrees to rebate a percentage of the local portion of any retailers' occupation taxes received that is generated over a finite period of time. Once the agreement is in place and after receipt of the taxes from the State and appropriate documentation/verification procedures, the City rebates the appropriate amounts to the interested party. In exchange for the rebate of retailers' occupation taxes, the City benefits from the creation or retainage of jobs, creation or further development, strengthening of the commercial sector, and enhancement of the tax base. Retailers' occupation taxes subject to reimbursement for the fiscal year ended April 30, 2026, totaled $1,235,172, and reimbursements of $1,025,218 were made during the fiscal year.

NOTE 16: RESTRICTED NET POSITION

Restricted net position balances reported on the government-wide statement of net position at April 30, 2026, includes the following:

	Governmental Activities	Business-type Activities	Total
Restricted for:			
Transportation/public works	$ 3,673,539	-	3,673,539
Community development	2,995,294	-	2,995,294
Culture & recreation	391,464	-	391,464
Employee retirement costs	368,073	-	368,073
Law enforcement	128,633	-	128,633
Debt Service	-	20,454	20,454
Total restricted	$ 7,557,003	20,454	7,577,457

See note 1 to the financial statements for a description of each of the fund balance categories shown above.

NOTE 17: FUND BALANCES

Governmental fund balances reported on the fund financial statements at April 30, 2026, includes the following:

	General Fund	Tax Increment Financing Fund I	Marina Tax Increment Financing Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Transportation/public works	$ -	-	897,626	2,775,913	3,673,539
Community development	-	2,995,294	-	-	2,995,294
Culture & recreation	-	150,000	-	241,464	391,464
Employee retirement costs	-	-	-	368,073	368,073
Law enforcement	-	-	-	128,633	128,633
Total restricted	-	3,145,294	897,626	3,514,083	7,557,003
Unassigned	16,061,271	-	-	-	16,061,271
Total fund balances	$ 16,061,271	3,145,294	897,626	3,514,083	23,618,274

See note 1 to the financial statements for a description of each of the fund balance categories shown above.

NOTE 18: NOTE RECEIVABLE

On November 7, 2022, the City entered into a TIF District Redevelopment Agreement with TRA Heap Holdings, LLC (TRA) to rehabilitate and renovate KJ McKeon's tavern for the purpose of encouraging economic development within the City. The City granted a loan in the amount of $36,000 to TRA that will be forgiven over a period of five years commencing one year from the date of the loan provided that TRA meets certain criteria as stated in the agreement. As of April 30, 2026, the amount of the note receivable is $14,400.

The City entered into a TIF District Redevelopment Agreement with LODO Properties to rehabilitate its property for the purpose of encouraging economic development within the City. The City granted a loan in the amount of $56,000 that will be forgiven over a period of 5 years, given LODO meets certain criteria as stated in the agreement. As of April 30, 2026. The amount of the note receivable is $56,000.

The City entered into a TIF District Redevelopment Agreement with Brent Starry to rehabilitate and renovate McBrides for the purpose of encouraging economic development within the City. The City granted a loan in the amount of $50,000 that will be forgiven over a period of 3 years, given Starry meets certain criteria as stated in the agreement. As of April 30, 2026, the amount of the note receivable is $50,000.

NOTE 19: SUBSEQUENT EVENTS

Management evaluated subsequent events through November 16, 2026, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of April 30, 2026, as a result of events occurring between May 1, 2026, and November 16, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE A-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Taxes:					
Property tax					
General corporate	$ 1,123,973	1,123,973	1,125,095	1,122	1,016,816
TIF reimbursement	165,000	165,000	192,443	27,443	149,869
Police protection	72,985	72,985	73,100	115	72,758
Police pension	-	-	1,411,241	1,411,241	1,358,005
Township road & bridge	66,000	66,000	74,326	8,326	62,494
Municipal sales tax:					
Municipal sales tax	7,076,515	7,076,515	12,074,400	4,997,885	8,585,230
Reimbursable sales tax	1,400,000	1,400,000	1,235,172	(164,828)	1,324,160
Local use tax	575,000	575,000	165,883	(409,117)	463,319
Total taxes	10,479,473	10,479,473	16,351,660	5,872,187	13,032,651
Intergovernmental:					
State income tax	2,561,500	2,561,500	2,745,826	184,326	2,525,775
Replacement tax	100,000	100,000	206,860	106,860	178,644
Video gaming tax	400,000	400,000	518,722	118,722	485,574
Federal and state grants	2,362,123	2,362,123	664,669	(1,697,454)	676,301
Total intergovernmental	5,423,623	5,423,623	4,136,077	(1,287,546)	3,866,294
Licenses and permits:					
Contractor licenses	33,000	33,000	36,250	3,250	46,700
Liquor licenses	52,930	52,930	54,500	1,570	56,275
Other licenses	44,304	44,304	52,235	7,931	48,949
Building permits	76,200	76,200	43,455	(32,745)	80,230
Demolition permits	500	500	700	200	600
Total licenses and permits	206,934	206,934	187,140	(19,794)	232,754
Franchise fees:					
Cable TV franchise fees	226,000	226,000	163,747	(62,253)	180,838
Telephone franchise fees	9,785	9,785	9,783	(2)	9,783
Total franchise fees	235,785	235,785	173,530	(62,255)	190,621
Charges for services:					
Swimming pool	94,500	94,500	83,118	(11,382)	98,073
Senior van rider fees	900	900	855	(45)	966
Building inspections	55,000	55,000	36,450	(18,550)	54,550
Plumbing inspections	16,000	16,000	10,550	(5,450)	15,750
Electrical inspections	100	100	300	200	250
Fire Inspection	500	500	2,200	1,700	26,206
Public hearing	4,500	4,500	2,400	(2,100)	5,100
Total charges for services	171,500	171,500	135,873	(35,627)	200,895
Fines	193,350	193,350	221,108	27,758	274,412
Interest	225,000	225,000	357,509	132,509	217,517
Other revenues:					
Miscellaneous revenue	30,102	30,102	76,637	46,535	181,137
Developer reimbursements	3,061,251	3,061,251	659,928	(2,401,323)	291,398
Other reimbursements	256,751	256,751	574,016	317,265	407,331
Sale of vehicles/equipment/property	3,100	3,100	-	(3,100)	-
Total other revenues	3,351,204	3,351,204	1,310,581	(2,040,623)	879,866
Total revenues	20,286,869	20,286,869	22,873,478	2,586,609	18,895,010

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE A-1
(CONTINUED)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Total revenues (carried forward)	$ 20,286,869	20,286,869	22,873,478	2,586,609	18,895,010
Expenditures:					
Current:					
General government	3,943,709	4,167,504	3,544,238	(623,266)	3,577,733
Public safety	6,610,527	6,698,793	6,080,749	(618,044)	5,856,942
Transportation & public works	3,459,686	3,844,274	2,940,818	(903,456)	2,643,715
Culture and recreation	962,529	1,026,478	728,965	(297,513)	717,271
Employee retirement costs	60,000	60,000	1,448,781	1,388,781	1,396,332
Capital outlay	4,750,418	3,989,820	1,707,460	(2,282,360)	3,887,098
Total expenditures	19,786,869	19,786,869	16,451,011	(3,335,858)	18,079,091
Excess of revenue over (under) expenditures	500,000	500,000	6,422,467	5,922,467	815,919
Other financing sources (uses):					
Transfers out	(500,000)	(500,000)	-	(500,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	-	(500,000)	-
Changes in fund balance	$ -	-	6,422,467	6,422,467	815,919
Fund balance, beginning of year			9,638,804		8,822,885
Fund balance, end of year			$ 16,061,271		9,638,804

CITY OF MORRIS, ILLINOIS
TAX INCREMENT FINANCING FUND I

SCHEDULE A-2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Property tax	$ 7,100,000	7,100,000	7,023,059	(76,941)	6,637,293
State Grant	1,450,176	1,450,176	287,766	(1,162,410)	-
Federal Grant	-	-	152,351	152,351	-
Interest income	176,000	176,000	267,248	91,248	400,124
Developer Reimbursement	400,000	400,000	-	(400,000)	-
Miscellaneous income	370,000	370,000	348,816	(21,184)	63,301
Total revenues	9,496,176	9,496,176	8,079,240	(1,416,936)	7,100,718
Expenditures:					
General government:					
Business Development Director	46,794	53,607	53,607	-	51,517
Community Affairs	53,431	53,431	46,948	(6,483)	45,163
Health Insurance	50,000	50,000	39,347	(10,653)	44,284
Dental & Vision	2,815	2,815	1,616	(1,199)	1,866
Life Insurance	600	600	402	(198)	448
Engineering services	1,000,000	585,849	184,451	(401,398)	27,182
Legal services	25,000	30,516	30,516	-	20,961
Other professional services	353,738	353,738	252,767	(100,971)	120,657
Miscellaneous expenses	500	1,222	1,222	-	116
Total general government	1,532,878	1,131,778	610,876	(520,902)	312,194
Community development:					
Loan/grant distributions	-	-	7,200	7,200	7,200
TIF reimbursement	4,100,000	4,202,752	4,202,752	-	3,982,376
Total community development	4,100,000	4,202,752	4,209,952	7,200	3,989,576
Capital outlay:					
Building improvements	2	2	-	(2)	-
Parks improvements	50,000	50,000	-	(50,000)	37,681
Building construction	500,000	500,000	63,670	(436,330)	519,232
Bulk fuel storage facility	1,000	21,056	21,056	-	1,066
Swim pool and tennis improvements	10,000	10,000	3,544	(6,456)	-
Equipment	220,000	240,084	240,084	-	300,723
Water system improvement	269,000	514,987	514,987	-	106,911
Water tower improvements	1	1	-	(1)	-
Sanitary sewer improvements	3	6,611	6,611	-	-
Street construction	100,000	100,000	62,861	(37,139)	312,849
Street lighting improvement	1,591,705	1,591,705	1,403,133	(188,572)	61,981
Traffic signals	3,000	8,613	8,613	-	2,491
Off street parking	1	1	-	(1)	-
Downtown development	2,620,000	2,620,000	173,949	(2,446,051)	130,680
Total capital outlay	5,364,712	5,663,060	2,498,508	(3,164,552)	1,473,614
Total expenditures	10,997,590	10,997,590	7,319,336	(3,678,254)	5,775,384

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Excess of revenue over (under) expenditures	$ (1,501,414)	(1,501,414)	759,904	2,261,318	1,325,334
Other financing sources (uses):					
Transfer to Marina TIF Fund	(1,100,000)	(1,100,000)	(1,100,000)	-	(2,900,000)
Total other financing sources (uses)	(1,100,000)	(1,100,000)	(1,100,000)	-	(2,900,000)
Changes in fund balances	$ (2,601,414)	(2,601,414)	(340,096)	2,261,318	(1,574,666)
Fund balance, beginning of year			3,485,390		5,060,056
Fund balance, end of year			$ 3,145,294		3,485,390

CITY OF MORRIS, ILLINOIS
MARINA TAX INCREMENT FINANCING FUND

SCHEDULE A-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Property tax	$ 50,000	50,000	52,743	2,743	44,612
Interest income	25,000	25,000	43,396	18,396	45,701
Miscellaneous income	1	1	-	(1)	79
Total revenues	75,001	75,001	96,139	21,138	90,392
Expenditures:					
General government:					
Engineering services	30,000	30,000	6,341	(23,659)	48,686
Other professional services	175,000	175,000	144,948	(30,052)	128,812
Miscellaneous expenses	20,000	20,000	15,535	(4,465)	-
Total general government	225,000	225,000	166,824	(58,176)	177,498
Environment:					
Legal services	15,000	19,601	19,601	-	15,743
CLC closure expenses	300,000	300,000	311,366	11,366	271,750
Total environment	315,000	319,601	330,967	11,366	287,493
Community development:					
TIF reimbursement	15,000	15,781	15,781	-	13,384
Total community development	15,000	15,781	15,781	-	13,384
Capital outlay:					
Land purchases	500,000	433,335	-	(433,335)	-
Building construction	2,077,355	2,138,638	2,138,638	-	4,946,449
Demolition of buildings	100	100	-	(100)	-
Sewerage treatment plant	100	100	-	(100)	-
Equipment	150,000	150,000	145,690	(4,310)	108,828
Water system	1	1	-	(1)	-
Water tower	1	1	-	(1)	-
Sanitary sewer systems	1	1	-	(1)	113,000
Street construction	1	1	-	(1)	-
Storm sewer construction	1	1	-	(1)	-
Street lighting improvement	1	1	-	(1)	-
Total capital outlay	2,727,561	2,722,179	2,284,328	(437,851)	5,168,277
Total expenditures	3,282,561	3,282,561	2,797,900	(484,661)	5,646,652
Excess of revenue over (under) expenditures	(3,207,560)	(3,207,560)	(2,701,761)	505,799	(5,556,260)
Other financing sources (uses):					
Transfer from water and sewer	1	1	-	(1)	1,500,000
Transfers from TIF I Fund	1,100,000	1,100,000	1,100,000	-	2,900,000
Total other financing sources (uses)	1,100,001	1,100,001	1,100,000	(1)	4,400,000
Changes in fund balances	$ (2,107,560)	(2,107,560)	(1,601,761)	505,799	(1,156,260)
Fund balances, beginning of year			2,499,387		3,655,647
Fund balances, end of year			$ 897,626		2,499,387

Required Supplementary Information
Illinois Municipal Retirement Fund - Regular Plan
Multiyear Schedule of Changes in the City's Net Pension Liability and Related Ratios

Calendar Year Ended December 31,	2025	2024	2023	2022	2021
TOTAL PENSION LIABILITY					
Service cost	$ 385,214	394,227	383,505	345,568	336,865
Interest on the total pension liability	1,672,524	1,649,537	1,576,950	1,519,372	1,426,104
Benefit changes			-	-	-
Differences between expected and actual experience	957,202	(564,291)	(11,429)	(255,233)	304,327
Assumption changes	-	-	(11,019)	-	-
Benefit payments and refunds	(1,269,059)	(1,046,750)	(837,595)	(831,373)	(739,010)
Net Change in Total Pension Liability	1,745,881	432,723	1,100,412	778,334	1,328,286
Total Pension Liability - Beginning	23,511,221	23,078,498	21,978,086	21,199,752	19,871,466
Total Pension Liability - Ending (a)	$ 25,257,102	23,511,221	23,078,498	21,978,086	21,199,752
PLAN FIDUCIARY NET POSITION					
Employer contributions	$ 262,706	225,646	287,636	326,620	386,260
Employee contributions	205,384	194,153	185,970	177,170	156,014
Pension Plan Net Investment Income	3,554,162	2,157,459	2,197,997	(2,662,766)	3,284,382
Benefit Payments and Refunds	(1,269,059)	(1,046,750)	(837,595)	(831,373)	(739,010)
Other	49,513	(824,013)	605,498	(31,737)	114,358
Net Change in Plan Fiduciary Net Position	2,802,706	706,495	2,439,506	(3,022,086)	3,202,004
Plan Fiduciary Net Position - Beginning	23,815,304	23,108,809	20,669,303	23,691,389	20,489,385
Plan Fiduciary Net Position - Ending (b)	$ 26,618,010	23,815,304	23,108,809	20,669,303	23,691,389
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	$ (1,360,908)	(304,083)	(30,311)	1,308,783	(2,491,637)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	105.39%	101.29%	100.13%	94.05%	111.75%
Covered Valuation Payroll	$ 4,528,123	4,314,448	4,132,688	3,820,120	3,466,952
Net Pension Liability as a Percentage of Covered Valuation Payroll	-30.05%	-7.05%	-0.73%	34.26%	-71.87%

Required Supplementary Information
Illinois Municipal Retirement Fund - Regular Plan
Multiyear Schedule of Changes in the City's Net Pension Liability and Related Ratios

Calendar Year Ended December 31,	2020	2019	2018	2017	2016
TOTAL PENSION LIABILITY					
Service cost	$ 331,547	338,662	313,358	323,518	326,423
Interest on the total pension liability	1,348,997	1,295,073	1,261,016	1,215,723	1,193,706
Benefit changes	-	-	-	-	-
Differences between expected and actual experience	139,616	(269,929)	(452,470)	89,552	(535,715)
Assumption changes	(80,971)	-	477,752	(498,711)	(39,276)
Benefit payments and refunds	(617,605)	(615,350)	(510,196)	(531,981)	(853,392)
Net Change in Total Pension Liability	1,121,584	748,456	1,089,460	598,101	91,746
Total Pension Liability - Beginning	18,749,882	18,001,426	16,911,966	16,313,865	16,222,119
Total Pension Liability - Ending (a)	$ 19,871,466	18,749,882	18,001,426	16,911,966	16,313,865
PLAN FIDUCIARY NET POSITION					
Employer contributions	$ 354,118	276,400	342,092	367,818	361,233
Employee contributions	148,652	143,461	142,275	155,955	128,200
Pension Plan Net Investment Income	2,453,983	2,686,531	(713,029)	2,445,736	948,357
Benefit Payments and Refunds	(617,605)	(615,350)	(510,196)	(531,981)	(853,392)
Other	83,598	73,265	(609,588)	(151,903)	165,739
Net Change in Plan Fiduciary Net Position	2,422,746	2,564,307	(1,348,446)	2,285,625	750,137
Plan Fiduciary Net Position - Beginning	18,066,639	15,502,332	16,850,778	14,565,153	13,815,016
Plan Fiduciary Net Position - Ending (b)	$ 20,489,385	18,066,639	15,502,332	16,850,778	14,565,153
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	$ (617,919)	683,243	2,499,094	61,188	1,748,712
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.11%	96.36%	86.12%	99.64%	89.28%
Covered Valuation Payroll	$ 3,303,341	3,187,998	3,161,676	3,014,910	2,848,846
Net Pension Liability as a Percentage of Covered Valuation Payroll	-18.71%	21.43%	79.04%	2.03%	61.38%

Required Supplementary Information
Illinois Municipal Retirement Fund
Multiyear Schedule of City Contributions*

Calendar Year	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	$ 234,557	262,706	(28,149)	4,528,123	5.80%
2024	225,646	225,646	-	4,314,448	5.23%
2023	287,635	287,636	(1)	4,132,688	6.96%
2022	326,620	326,620	-	3,820,120	8.55%
2021	352,242	386,260	(34,018)	3,466,952	11.14%
2020	354,118	354,118	-	3,303,341	10.72%
2019	276,399	276,400	(1)	3,187,998	8.67%
2018	342,093	342,092	1	3,161,676	10.82%
2017	367,819	367,818	1	3,014,910	12.20%
2016	361,234	361,233	1	2,848,846	12.68%

* Estimated based on contribution rate of 5.18% and covered valuation payroll of $4,528,123.

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine 2025 contribution rate:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	Non-Taxing bodies: 10 year rolling period. Taxing bodies (Regular, SLEP, and ECO groups): 18-year closed period Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 13 years for most employers (five employers were financed over 14 years; one employer was financed over 15 years; two employers were financed over 16 years; one employer was financed over 19 years; three employers were financed over 22 years; four employers were financed over 23 years; and one employer was financed over 24 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	2.75%
Inflation	2.25%
Salary increases	2.85% to 13.75% including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020 - 2022.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

Other Information:

Notes: There were no benefit changes during the year.

CITY OF MORRIS, ILLINOIS

SCHEDULE B-3

Required Supplementary Information
Police Pension Fund
Multiyear Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Year Ended April 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
TOTAL PENSION LIABILITY										
Service Cost	$ 630,194	618,098	537,216	547,859	542,104	530,667	522,376	521,843	494,988	462,606
Interest	2,312,482	2,154,497	2,100,993	2,012,683	1,902,377	1,884,373	1,802,222	1,711,831	1,630,422	1,610,743
Changes of benefit terms	-	-	-	(13,951)	-	-	101,138	-	-	-
Difference between expected and actual experience	756,316	(364,565)	207,833	690,965	(761,910)	(301,307)	255,193	139,383	51,603	276,567
Changes of assumptions	-	275,397	-	-	-	-	(93,964)	-	-	(1,144,868)
Benefit payments, including refunds of employee contributions	(1,673,140)	(1,533,656)	(1,545,229)	(1,616,549)	(1,415,343)	(1,156,256)	(1,148,540)	(1,014,960)	(1,013,106)	(834,742)
Net Change in Total Pension Liability	2,025,852	1,149,771	1,300,813	1,621,007	267,228	957,477	1,438,425	1,358,097	1,163,907	370,306
Total Fiduciary Pension Liability - Beginning	33,055,021	31,905,250	30,604,437	28,983,430	28,716,202	27,758,725	26,320,300	24,962,203	23,798,296	23,427,990
Total Fiduciary Pension Liability - Ending (a)	$ 35,080,873	33,055,021	31,905,250	30,604,437	28,983,430	28,716,202	27,758,725	26,320,300	24,962,203	23,798,296
PLAN FIDUCIARY NET POSITION										
Contributions - employer	$ 1,448,781	1,396,332	1,338,214	1,349,129	1,304,327	1,258,390	1,219,594	1,142,652	1,085,076	850,349
Contributions - employee	296,153	275,563	261,279	239,791	256,132	226,195	212,683	199,079	188,881	194,448
Contributions - other	40,074	57,481	2,840	-	-	-	-	-	-	-
Net investment income	4,730,641	2,057,193	1,771,969	635,882	(49,689)	3,611,144	363,699	1,122,081	716,561	1,149,275
Benefit payments, including refunds of employee contributions	(1,673,140)	(1,533,656)	(1,545,229)	(1,616,549)	(1,415,343)	(1,156,256)	(1,148,540)	(1,014,960)	(1,013,106)	(834,742)
Administrative expense	(53,654)	(93,802)	(42,295)	(38,877)	(18,316)	(18,428)	(27,662)	(32,614)	(21,571)	(12,106)
Prior Period Audit Adjustment	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	4,788,855	2,159,111	1,786,778	569,376	77,111	3,921,045	619,774	1,416,238	955,841	1,347,224
Plan Fiduciary Net Position - Beginning	25,128,704	22,969,593	21,182,815	20,613,439	20,536,328	16,615,283	15,995,509	13,883,758	12,927,917	11,580,693
Plan Fiduciary Net Position - Ending (b)	$ 29,917,559	25,128,704	22,969,593	21,182,815	20,613,439	20,536,328	16,615,283	15,299,996	13,883,758	12,927,917
EMPLOYER'S NET PENSION LIABILITY (ASSET) (a-b)	**$ 5,163,314**	**7,926,317**	**8,935,657**	**9,421,622**	**8,369,991**	**8,179,874**	**11,143,442**	**11,020,304**	**11,078,445**	**10,870,379**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.28%	76.02%	71.99%	69.21%	71.12%	71.51%	59.86%	58.13%	55.62%	54.32%
Covered Valuation Payroll	$ 2,976,252	2,852,984	2,396,506	2,421,158	2,339,019	2,265,394	2,135,662	2,008,053	1,990,599	1,927,941
Net Pension Liability as a Percentage of Covered Valuation Payroll	173.48%	277.83%	372.86%	389.14%	357.84%	361.08%	521.78%	548.81%	556.54%	563.83%

Required Supplementary Information
Police Pension Fund
Multiyear Schedule of City Contributions

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2026	$ 1,448,781	1,448,781	-	2,976,252	48.68%
2025	1,396,332	1,396,332	-	2,852,984	48.94%
2024	1,334,914	1,338,214	(3,300)	2,396,506	55.84%
2023	1,349,129	1,349,129	-	2,421,158	55.72%
2022	1,304,327	1,304,327	-	2,339,019	55.76%
2021	1,258,390	1,258,390	-	2,265,394	55.55%
2020	1,219,594	1,219,594	-	2,135,662	57.11%
2019	1,142,652	1,142,652	-	2,008,053	56.90%
2018	1,085,076	1,085,076	-	1,990,599	54.51%
2017	850,349	850,349	-	1,927,941	44.11%

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of April 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Assumption changes: The High-Quality 20 Year Tax-Exempt General Obligation ("G.O") Bond Rate assumption was changed from 5.24% to 4.74% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year End based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and 68.

Methods and assumptions used to determine 2025 contribution rate:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay (closed)
Remaining amortization period	100% funded, 8.95 Years (Layered)
Asset valuation method	5-year smoothed market value
Inflation	2.25%
Salary increases	2.25%-11.51%
Investment rate of return	7.00%
Retirement age	Lauterbach & Amen 2024 Illinois police retirement rates capped at age 65
Disability / withdrawal rates	Lauterbach & Amen 2024 Illinois police disability rates
Married participants	80% married; female spouses assumed 3 years younger
Mortality - active members	Sex-distinct raw rates as developed in the PubS-2010(A) study. These rates are improved generationally using MP-2021 improvement rates.
Mortality - non-disabled retirees	L&A assumption study for police 2024. These rates are experience-weighted with the raw rates as developed in the PubS-2010(A) study and improved generationally using MP-2021 improvement rates.
Mortality - disabled retirees	Sex-distinct raw rates as developed in the PubS-2010(A) study. These rates are improved generationally using MP-2021 improvement rates.
Mortality - spouse	Sex-distinct raw rates as developed in the PubS-2010(A) study. These rates are improved generationally using MP-2021 improvement rates.
Other information	There were no benefit changes during the year.

Required Supplementary Information
Other Postemployment Benefit Plan
Multiyear Schedule of Changes in the City's Net OPEB Liability and Related Ratios*

	Year Ended April 30,							
	2026	2025	2024	2023	2022	2021	2020	2019
TOTAL OPEB LIABILITY								
Service Cost	$ 56,941	65,504	69,765	31,192	37,615	33,711	25,601	23,957
Interest	72,094	44,382	38,944	56,619	47,255	51,298	64,184	66,845
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	340,620	-	(653,185)	-	(5,535)	-	-
Changes of assumptions	71,743	(73,280)	(61,386)	(17,769)	(313,885)	100,865	332,251	28,549
Benefit payments, including refunds of employee contributions	(129,819)	(53,834)	(66,339)	(88,565)	(89,248)	(115,655)	(108,367)	(110,249)
Net Change in Total OPEB Liability	70,959	323,392	(19,016)	(671,708)	(318,263)	64,684	313,669	9,102
Total OPEB Liability - Beginning	1,440,764	1,117,372	1,136,388	1,808,096	2,126,359	2,061,675	1,748,006	1,738,904
Total OPEB Liability - Ending (a)	$ 1,511,723	1,440,764	1,117,372	1,136,388	1,808,096	2,126,359	2,061,675	1,748,006
PLAN FIDUCIARY NET POSITION								
Contributions - employer	$ 129,819	53,834	66,339	88,565	89,248	115,655	108,367	110,249
Contributions - employee			-	-	-	-	-	-
Net investment income			-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(129,819)	(53,834)	(66,339)	(88,565)	(89,248)	(115,655)	(108,367)	(110,249)
Administrative expense			-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	$ -	-	-	-	-	-	-	-
EMPLOYER'S NET OPEB LIABILITY (ASSET) (a-b)	$ 1,511,723	1,440,764	1,117,372	1,136,388	1,808,096	2,126,359	2,061,675	1,748,006
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Valuation Payroll	$ 7,398,218	6,403,152	6,045,094	5,883,303	6,355,506	5,394,079	5,724,584	5,571,371
Net OPEB Liability as a Percentage of Covered Valuation Payroll	20.43%	22.50%	18.48%	19.32%	28.45%	39.42%	36.01%	31.37%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.*

Required Supplementary Information
Other Postemployment Benefit Plan
Multiyear Schedule of City Contributions*

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2026	N/A	$ -	N/A	$ 7,398,218	0.00%
2025	N/A	-	N/A	6,403,152	0.00%
2024	N/A	-	N/A	6,045,094	0.00%
2023	N/A	-	N/A	5,883,303	0.00%
2022	N/A	-	N/A	6,355,506	0.00%
2021	N/A	-	N/A	5,394,079	0.00%
2020	N/A	-	N/A	5,724,584	0.00%
2019	N/A	-	N/A	5,571,371	0.00%

Note to Schedule:

There is no actuarially determined contribution (ADC) or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB liability. However, the City did make contributions from other City resources in the current year in the amount of $129,819.

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

The City adopted the Municipal Budget Act on March 14, 1983. Consequently, the City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. Prior to the beginning of the fiscal year, the City Budget Officer submits to the City Council a tentative annual budget ordinance for the fiscal year commencing May 1st. The aforementioned ordinance includes proposed expenditures and the means of financing them. Copies of the tentative annual budget ordinance are made available for public inspection in printed or type-written form in the office of the City Clerk for at least ten days prior to the passage.
2. Prior to May 1st, the annual budget is legally adopted through the passage of an ordinance.
3. The City Budget Officer is authorized to transfer from any budgeted line item with anticipated unexpended funds to any other budgeted line item within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
4. Formal budgetary integration in the form of legally adopted budgets is employed as a management control device for all funds, excluding trust and agency fund types.
5. Budgeted amounts were originally adopted by the City Council on April 21, 2025. The budget was amended on August 18, 2026.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS – MAJOR FUNDS

No major funds had expenditures in excess of appropriations for the year ended April 30, 2026.

NOTE 3: PENSIONS

Police Pension

Changes of Assumptions

For measurement date April 30, 2026, amounts reported as changes of assumptions resulted from the following changes:

- The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 5.24% to 4.74% for the current year.
- The discount rate used in the determination of the total Pension Liability remained unchanged at 7.00%.
- A comprehensive study of Police Officers and Police Pension Funds in Illinois was performed, resulting in changes to various assumptions to better reflect the future anticipated experience of the Plan.

OTHER SUPPLEMENTARY INFORMATION

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1

Combining Balance Sheet
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Total Non-major Governmental Funds		Special Revenue Funds		
	2026	2025	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	West Route 6 Special Assessment Fund
Assets					
Cash and cash equivalents	$ 3,326,194	2,743,291	364,126	2,075,706	10,829
Receivables:					
Property taxes	3,103,751	2,143,660	640,044	-	-
Other taxes	254,849	94,930	9,904	210,814	-
Fines	434	871	-	-	-
Grant	59,880	-	-	-	-
Total assets	$ 6,745,108	4,982,752	1,014,074	2,286,520	10,829
Liabilities					
Overdraft payable	$ -	437,542	-	-	-
Accrued expenses	127,274	38,610	5,957	99,566	-
Total liabilities	127,274	476,152	5,957	99,566	-
Deferred Inflows of Resources					
Property taxes levied for subsequent years	3,103,751	2,143,660	640,044	-	-
Total deferred inflows of resources	3,103,751	2,143,660	640,044	-	-
Fund Balances					
Restricted	3,514,083	2,800,482	368,073	2,186,954	10,829
Unassigned	-	(437,542)	-	-	-
Total fund balances	3,514,083	2,362,940	368,073	2,186,954	10,829
Total liabilities, deferred inflows, and fund balances	$ 6,745,108	4,982,752	1,014,074	2,286,520	10,829

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-1
(CONTINUED)

Combining Balance Sheet
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Special Revenue Funds				
	Park and Civic Improvements Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Police Seizure and Forfeiture Fund	TIF District III Fund
Assets					
Cash and cash equivalents	$ 83,824	84,915	90,903	37,296	578,595
Receivables:					
Property taxes	-	-	-	-	2,463,707
Other taxes	-	34,131	-	-	-
Fines	-	-	434	-	-
Grant	59,880	-	-	-	-
Total assets	$ 143,704	119,046	91,337	37,296	3,042,302
Liabilities					
Overdraft payable	$ -	-	-	-	-
Accrued expenses	19,870	1,416	-	-	465
Total liabilities	19,870	1,416	-	-	465
Deferred Inflows of Resources					
Property taxes levied for subsequent years	-	-	-	-	2,463,707
Total deferred inflows of resources	-	-	-	-	2,463,707
Fund Balances					
Restricted	123,834	117,630	91,337	37,296	578,130
Unassigned	-	-	-	-	-
Total fund balances	123,834	117,630	91,337	37,296	578,130
Total liabilities, deferred inflows, and fund balances	$ 143,704	119,046	91,337	37,296	3,042,302

CITY OF MORRIS, ILLINOIS
NON-MAJOR GOVERNMENTAL FUNDS

SCHEDULE C-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Totals		Special Revenue Funds		
	2026	2025	Illinois Municipal Retirement Fund	Motor Fuel Tax Fund	West Route 6 Special Assessment Fund
Revenues:					
Property taxes	$ 2,131,745	862,684	599,097	-	-
Other local taxes	390,801	358,183	40,698	-	-
Intergovernmental	649,647	640,148	-	649,647	-
Grants	1,062,772	20,000	-	599,413	-
Fines	16,676	26,724	-	-	-
Donations	77,300	59,800	-	-	-
Interest income	87,074	121,065	5,049	73,810	4
Miscellaneous	8,420	28,030	-	-	-
Total revenues	4,424,435	2,116,634	644,844	1,322,870	4
Expenditures:					
Current:					
General Government	588,571	180,988	-	-	-
Public safety	19,364	23,772	-	-	-
Transportation and public service	133,051	294,461	-	133,051	-
Culture and recreation	801,615	451,177	-	-	-
Environment	-	1	-	-	-
Employee retirement costs	693,914	633,964	693,914	-	-
Capital outlay	1,036,777	1,175,606	-	1,025,177	-
Total expenditures	3,273,292	2,759,969	693,914	1,158,228	-
Excess (deficiency) of revenues over (under) expenditures	1,151,143	(643,335)	(49,070)	164,642	4
Fund balance (deficit), beginning of year	2,362,940	3,006,275	417,143	2,022,312	10,825
Fund balance, end of year	$ 3,514,083	2,362,940	368,073	2,186,954	10,829

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Special Revenue Funds				
	Parks and Civic Improvements Fund	Motel Tax Fund	Drug Fine and Forfeiture Fund	Police Seizure and Forfeiture Fund	TIF District III Fund
Revenues:					
Property taxes	$ -	-	-	-	1,532,648
Other local taxes	-	350,103	-	-	-
Intergovernmental	-	-	-	-	-
Grants	463,359	-	-	-	-
Fines	7,153	-	6,395	3,128	-
Donations	51,875	25,425	-	-	-
Interest income	4,200	1,332	2,672	7	-
Miscellaneous	-	5,000	3,420	-	-
Total revenues	526,587	381,860	12,487	3,135	1,532,648
Expenditures:					
Current:					
General Government	-	74,290	-	-	514,281
Public safety	-	-	19,364	-	-
Transportation and public service	-	-	-	-	-
Culture and recreation	514,778	286,837	-	-	-
Environment	-	-	-	-	-
Employee retirement costs	-	-	-	-	-
Capital outlay	-	6,674	2,231	-	2,695
Total expenditures	514,778	367,801	21,595	-	516,976
Excess (deficiency) of revenues over (under) expenditures	11,809	14,059	(9,108)	3,135	1,015,672
Fund balance (deficit), beginning of year	112,025	103,571	100,445	34,161	(437,542)
Fund balance, end of year	$ 123,834	117,630	91,337	37,296	578,130

CITY OF MORRIS, ILLINOIS SCHEDULE C-3
ILLINOIS MUNICIPAL RETIREMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Property taxes	$ 598,480	598,480	599,097	617	606,004
Replacement income taxes	32,000	32,000	40,698	8,698	44,326
Interest income	16,000	16,000	5,049	(10,951)	16,818
Total revenues	646,480	646,480	644,844	(1,636)	667,148
Expenditures:					
Personnel:					
Social security contribution	340,000	339,806	309,746	30,060	294,431
Medicare contribution	125,000	125,194	125,194	-	115,465
IMRF contribution	265,000	265,000	258,974	6,026	224,068
Total expenditures	730,000	730,000	693,914	36,086	633,964
Excess (deficiency) of revenues over (under) expenditures	$ (83,520)	(83,520)	(49,070)	34,450	33,184
Fund balance, beginning of year			417,143		383,959
Fund balance, end of year			$ 368,073		417,143

CITY OF MORRIS, ILLINOIS
MOTOR FUEL TAX FUND

SCHEDULE C-4

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Motor fuel tax allotment	$ 620,000	620,000	649,647	29,647	640,148
High growth allotment	1	1	-	(1)	-
Rebuild Illinois grant	1	1	-	(1)	-
State grant	1,859,810	1,859,810	599,413	(1,260,397)	-
Interest income	50,000	50,000	73,810	23,810	91,283
Total revenues	2,529,812	2,529,812	1,322,870	(1,206,942)	731,431
Expenditures:					
Contractual services:					
Engineering	285,000	285,000	133,051	(151,949)	294,461
Commodities:					
Maintenance - streets	1	1	-	(1)	-
Maintenance - sidewalks	1	1	-	(1)	-
Capital outlay					
Improvements - streets	3,200,000	3,200,000	1,025,177	(2,174,823)	504,050
Improvements - bridge	250,000	250,000	-	(250,000)	-
Storm sewer construction	1	1	-	(1)	-
Total expenditures	3,735,003	3,735,003	1,158,228	(2,576,775)	798,511
Excess (deficiency) of revenues over (under) expenditures	$ (1,205,191)	(1,205,191)	164,642	1,369,833	(67,080)
Fund balance, beginning of year			2,022,312		2,089,392
Fund balance, end of year			$ 2,186,954		2,022,312

CITY OF MORRIS, ILLINOIS SCHEDULE C-5

SANITARY LANDFILL CONTINGENCY FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Interest income	$ -	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Miscellaneous expense	-	-	-	-	77
Total expenditures	-	-	-	-	77
Excess (deficiency) of revenues over (under) expenditures	$ -	-	-	-	(77)
Fund balance, beginning of year			-		77
Fund balance, end of year			$ -		-

CITY OF MORRIS, ILLINOIS SCHEDULE C-6
WEST ROUTE 6 SPECIAL ASSESSMENT FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Interest income	$ 4	4	4	-	4
Total revenues	4	4	4	-	4
Expenditures:					
Other expenditures:					
Engineering services	2,500	2,500	-	(2,500)	-
Improvements	2,500	2,500	-	(2,500)	-
Miscellaneous expense	2,500	2,500	-	(2,500)	-
Total expenditures	7,500	7,500	-	(7,500)	-
Excess (deficiency) of revenues over (under) expenditures	$ (7,496)	(7,496)	4	7,500	4
Fund balance, beginning of year			10,825		10,821
Fund balance, end of year			$ 10,829		10,825

CITY OF MORRIS, ILLINOIS SCHEDULE C-7

PARK AND CIVIC IMPROVEMENTS FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Park site zoning fees	$ 2,500	2,500	7,153	4,653	3,833
State grant	650,000	650,000	463,359	(186,641)	20,000
Donations	1	1	51,875	51,874	43,500
Miscellaneous income	35,000	35,000	-	(35,000)	20,125
Interest income	1,000	1,000	4,200	3,200	4,343
Total revenues	688,501	688,501	526,587	(161,914)	91,801
Expenditures:					
Contractual services:					
Other professional services	660,002	683,667	507,024	(176,643)	60,100
Printing/publishing	3,000	3,427	3,427	-	2,686
Other expenditures:					
Miscellaneous donations	2,500	2,500	1,807	(693)	-
Miscellaneous expense	15,000	15,000	2,520	(12,480)	12,440
Capital outlay:					
Land purchase & improv.	60,001	35,909	-	(35,909)	-
Total expenditures	740,503	740,503	514,778	(225,725)	75,226
Excess (deficiency) of revenues over (under) expenditures	$ (52,002)	(52,002)	11,809	63,811	16,575
Fund balance, beginning of year			112,025		95,450
Fund balance, end of year			$ 123,834		112,025

CITY OF MORRIS, ILLINOIS SCHEDULE C-8
SOLID WASTE TAX FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Interest income	$ -	-	-	-	1
Total revenues	-	-	-	-	1
Expenditures:					
Miscellaneous expense	-	-	-	-	1
Total expenditures	-	-	-	-	1
Excess (deficiency) of revenues over (under) expenditures	$ -	-	-	-	-
Fund balance, beginning of year			-		-
Fund balance, end of year			$ -		-

CITY OF MORRIS, ILLINOIS SCHEDULE C-9
MOTEL TAX FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Motel taxes	$ 358,000	358,000	350,103	(7,897)	313,857
Interest income	8,000	8,000	1,332	(6,668)	4,917
Sponsorships	35,000	35,000	25,425	(9,575)	16,300
Miscellaneous income	5,000	5,000	5,000	-	5,000
Total revenues	406,000	406,000	381,860	(24,140)	340,074
Expenditures:					
General Government:					
Business Dev Director	53,431	53,607	53,607	-	51,517
Health	25,000	19,674	19,674	-	22,142
Dental and vision	1,000	1,000	808	(192)	933
Life	250	250	201	(49)	224
Contractual services:					
Other professional services	25,000	9,182	6,230	(2,952)	39,643
Printing/publishing	18,000	18,000	15,308	(2,692)	7,628
Other expenditures:					
Sponsorships & donations	155,000	155,000	121,850	(33,150)	138,520
City special events	35,150	49,413	49,413	-	41,060
Tourism expenses	57,000	63,499	63,499	-	116,992
Miscellaneous expenses	5,000	5,000	3,364	(1,636)	3,344
Home for the Holidays	25,000	25,000	20,427	(4,573)	20,513
Liberty Art Festival	12,000	12,000	6,040	(5,960)	8,251
Holiday in the Park	500	706	706	-	-
Capital outlay:					
Parks improvements	120,000	120,000	6,674	(113,326)	94,012
I&M canal improvements	6,000	6,000	-	(6,000)	5,400
Total expenditures	538,331	538,331	367,801	(170,530)	550,179
Excess (deficiency) of revenues over (under) expenditures	$ (132,331)	(132,331)	14,059	146,390	(210,105)
Fund balance, beginning of year			103,571		313,676
Fund balance, end of year			$ 117,630		103,571

CITY OF MORRIS, ILLINOIS SCHEDULE C-10

DRUG FINE AND FORFEITURE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Drug enforcement fees	$ 200	200	-	(200)	269
DUI equipment fees	7,000	7,000	5,583	(1,417)	9,447
Police vehicle equip fees	100	100	-	(100)	-
E-Citation development fees	700	700	812	112	813
Interest income	3,200	3,200	2,672	(528)	3,692
Miscellaneous income	2,000	2,000	3,420	1,420	2,905
Total revenues	13,200	13,200	12,487	(713)	17,126
Expenditures:					
Contractual services:					
Article 36	87	87	87	-	-
Other expenditures:					
Drug crime enforcement	4,000	4,000	2,466	(1,534)	2,542
DUI fund	53,000	53,000	14,977	(38,023)	10,695
Miscellaneous expense	4,653	4,653	1,834	(2,819)	6,477
Capital outlay:					
Equipment	1,000	1,000	1,000	-	1,000
E-citation expense	3,000	3,000	1,231	(1,769)	-
Vehicles	1	1	-	(1)	-
Communication equipment	1	1	-	(1)	-
Total expenditures	65,742	65,742	21,595	(44,147)	20,714
Excess (deficiency) of revenues over (under) expenditures	$ (52,542)	(52,542)	(9,108)	43,434	(3,588)
Fund balance, beginning of year			100,445		104,033
Fund balance, end of year			$ 91,337		100,445

CITY OF MORRIS, ILLINOIS SCHEDULE C-11

POLICE SEIZURE AND FORFEITURE FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Seizure / asset forfeitures	$ 26,000	26,000	3,128	(22,872)	12,362
Interest Income	22	22	7	(15)	7
Total revenues	26,022	26,022	3,135	(22,887)	12,369
Expenditures:					
ISP Asset Forfeiture	6,000	6,000	-	(6,000)	4,058
Operating Expense	5,000	5,000	-	(5,000)	30
Crime Prevention	2,200	2,200	-	(2,200)	-
Miscellaneous Expense	4,600	4,600	-	(4,600)	175
Travel	6,000	6,000	-	(6,000)	-
Total expenditures	23,800	23,800	-	(23,800)	4,263
Excess (deficiency) of revenues over (under) expenditures	$ 2,222	2,222	3,135	913	8,106
Fund balance, beginning of year			34,161		26,055
Fund balance, end of year			$ 37,296		34,161

CITY OF MORRIS, ILLINOIS SCHEDULE C-12
TIF DISTRICT III FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Revenues:					
Property Taxes	$ 500,000	500,000	1,532,648	1,032,648	256,680
Total revenues	500,000	500,000	1,532,648	1,032,648	256,680
Expenditures:					
Street Construction	2	2,696	2,695	(1)	571,144
Engineering services	25,000	1,943	1,943	-	-
Legal services	1,000	15,936	15,936	-	8,853
Other professional services	15,000	37,817	37,817	-	20,033
TIF agreement	90,000	458,585	458,585	-	77,004
Miscellaneous expenses	10	10	-	(10)	-
Total expenditures	131,012	516,987	516,976	(11)	677,034
Excess (deficiency) of revenues over (under) expenditures	$ 368,988	(16,987)	1,015,672	1,032,659	(420,354)
Fund balance (deficit), beginning of year			(437,542)		(17,188)
Fund balance (deficit), end of year			$ 578,130		(437,542)

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS

SCHEDULE D-1

Combining Statement of Net Position
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Totals 2026	Totals 2025
Assets					
Cash and cash equivalents	$ 3,567,159	3,933,479	172	7,500,810	5,470,183
Water and sewer fee receivables (net)	217,045	-	-	217,045	167,363
Due from (to) Capital Improvement Fund	4,100,000	(4,100,000)	-	-	-
Capital assets:					
Land	613,374	-	-	613,374	613,374
Construction in progress	-	6,280,653	-	6,280,653	1,673,730
Machinery and equipment	1,592,258	123,390	-	1,715,648	1,546,750
Vehicles	702,124	-	-	702,124	550,238
Infrastructure	53,669,231	7,141,973	-	60,811,204	59,473,267
Accumulated depreciation	(26,553,138)	(451,842)	-	(27,004,980)	(25,948,108)
Total assets	37,908,053	12,927,653	172	50,835,878	43,546,797
Deferred Outflows of Resources					
Asset retirement obligation	130,665	-	-	130,665	132,532
Deferred charge on refunding	-	-	25,003	25,003	67,451
Total deferred outflows of resources	130,665	-	25,003	155,668	199,983
Liabilities					
Accounts payable and accrued expenses	110,135	454,543	-	564,678	226,962
Accrued interest payable	16,034	46,742	4,721	67,497	56,023
Long-term liabilities due within one year:					
Compensated absences	57,345	-	-	57,345	48,999
Notes payable	1,023,853	1,146,775	-	2,170,628	-
Alternate revenue bonds	-	-	528,742	528,742	521,355
Long term liabilities due in more than one year:					
Compensated absences	86,017	-	-	86,017	85,638
Notes payable	1,288,947	3,559,019	-	4,847,966	5,210,220
Asset retirement obligation	140,000	-	-	140,000	140,000
Alternate revenue bonds	-	-	-	-	528,740
Total liabilities	2,722,331	5,207,079	533,463	8,462,873	6,817,937
Net Position					
Net investment in capital assets	27,711,049	8,388,380	(528,742)	35,570,687	31,648,936
Restricted for:					
Debt service	-	-	20,454	20,454	57,865
Unrestricted	7,605,338	(667,806)	-	6,937,532	5,222,042
Total net position	$ 35,316,387	7,720,574	(508,288)	42,528,673	36,928,843

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUNDS

STATEMENT D-2

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Operations and Maintenance Fund	Capital Improvement Fund	Alternate Revenue Bond And Interest Fund	Total 2026	Total 2025
Operating revenues:					
Water and sewer sales	$ 6,335,195	-	-	6,335,195	5,793,098
Infrastructure acre fees	-	4,000,000	-	4,000,000	-
Garbage collection fees	1,509,460	-	-	1,509,460	1,450,232
Tap on fees/meters	50,781	-	-	50,781	79,295
Miscellaneous revenue	43,315	100	6,663	50,078	55,462
Total operating revenues	7,938,751	4,000,100	6,663	11,945,514	7,378,087
Operating expenses:					
Personal services	1,757,379	411,616	-	2,168,995	1,796,550
Contractual services	1,209,813	-	-	1,209,813	1,216,970
Commodities	682,820	-	-	682,820	743,622
Capital outlay/maintenance	610,186	-	-	610,186	623,547
Depreciation	921,207	137,532	-	1,058,739	997,015
Other expenses	1,592,009	91	-	1,592,100	1,576,225
Total operating expenses	6,773,414	549,239	-	7,322,653	6,953,929
Operating income (loss)	1,165,337	3,450,861	6,663	4,622,861	424,158
Non-operating revenues (expenses):					
Bond service fees	-	-	(750)	(750)	(750)
State and federal grants	-	1,065,816	-	1,065,816	25,000
Interest income	78,261	40,872	6	119,139	237,541
Interest expense	-	(146,104)	(61,132)	(207,236)	(139,013)
Total non-operating revenues (expenses)	78,261	960,584	(61,876)	976,969	122,778
Income (loss) before transfers	1,243,598	4,411,445	(55,213)	5,599,830	546,936
Transfers in (out)	(1,049,155)	510,000	539,155	-	(1,344,201)
Change in net position	194,443	4,921,445	483,942	5,599,830	(797,265)
Net position, beginning of year	35,121,944	2,799,129	(992,230)	36,928,843	37,726,108
Net position, end of year	$ 35,316,387	7,720,574	(508,288)	42,528,673	36,928,843

CITY OF MORRIS, ILLINOIS SCHEDULE D-3
WATER AND SEWER FUND - OPERATIONS AND MAINTENANCE ACCOUNT

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating revenues:					
Water and sewer sales	$ 5,961,229	5,961,229	6,170,896	209,667	5,562,841
Waste disposal fees	200,000	200,000	164,299	(35,701)	230,257
Tap-on-fees	40,000	40,000	33,000	(7,000)	42,000
Meter sales	30,000	30,000	17,781	(12,219)	37,295
Garbage collection	1,439,245	1,439,245	1,459,651	20,406	1,410,559
Rental income	6,746	6,746	6,831	85	6,506
Merchant fees	24,000	24,000	42,978	18,978	33,167
Miscellaneous income	40,000	40,000	43,315	3,315	55,462
Total operating revenues	7,741,220	7,741,220	7,938,751	197,531	7,378,087
Operating expenses:					
Personal services	1,684,006	1,969,586	1,757,379	(212,207)	1,468,895
Contractual services	1,293,714	1,396,816	1,209,813	(187,003)	1,217,032
Commodities	945,002	1,005,540	682,820	(322,720)	743,560
Capital outlay/maintenance	2,161,814	1,710,446	610,186	(1,100,260)	590,892
Depreciation	-	-	921,207	921,207	878,920
Other expenses	1,639,603	1,641,751	1,592,009	(49,742)	1,576,109
Total operating expenses	7,724,139	7,724,139	6,773,414	(950,725)	6,475,408
Operating income (loss)	17,081	17,081	1,165,337	1,148,256	902,679
Non-operating income (loss):					
Federal and state grants	50,001	50,001	-	(50,001)	25,000
Interest income	100,000	100,000	78,261	(21,739)	173,714
Total non-operating income (loss)	150,001	150,001	78,261	(71,740)	198,714
Income (loss) before transfers	167,082	167,082	1,243,598	1,076,516	1,101,393
Transfers in (out)	(4,549,156)	(4,549,156)	(1,049,155)	3,500,001	(1,893,961)
Change in net position	$ (4,382,074)	(4,382,074)	194,443	4,576,517	(792,568)
Net position, beginning of year			35,121,944		35,914,512
Net position, end of year			$ 35,316,387		35,121,944

CITY OF MORRIS, ILLINOIS SCHEDULE D-4
WATER AND SEWER FUND - CAPITAL IMPROVEMENT ACCOUNT

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating revenues:					
Infrastructure acre fees	$ 2,400,154	2,400,154	4,000,000	1,599,846	-
Miscellaneous income	-	-	100	100	-
Total operating revenues	2,400,154	2,400,154	4,000,100	1,599,946	-
Operating expenses:					
Contractual services:					
Engineering services	400,000	400,000	384,472	(15,528)	326,172
Legal services	1,500	1,500	956	(544)	1,483
Other professional services	25,000	26,188	26,188	-	-
Maintenance Supplies/Services	1	1	-	(1)	-
Capital outlay:					
WTP improvements	4,000,000	4,000,000	-	(4,000,000)	-
Water main improvements	105,208	105,208	-	(105,208)	30,655
Sanitary sewer improvements	5,411,006	5,411,006	-	(5,411,006)	2,000
NE STP improvements	2,100,001	1,608,921	-	(1,608,921)	-
Other expenses - misc.	1	92	91	(1)	116
Depreciation expense	-	-	137,532	137,532	118,095
Total operating expenses	12,042,717	11,552,916	549,239	(11,003,677)	478,521
Operating income	(9,642,563)	(9,152,762)	3,450,861	12,603,623	(478,521)
Nonoperating income (expense):					
Grant	2,000,000	2,000,000	1,065,816	(934,184)	-
Note payable proceeds	5,715,326	5,715,326	-	(5,715,326)	-
Note payable principal	(1,030,614)	(1,520,415)	-	1,520,415	-
Interest income	60,000	60,000	40,872	(19,128)	63,768
Interest expense	(321,174)	(321,174)	(146,104)	175,070	(73,419)
Total nonoperating income (expense):	6,423,538	5,933,737	960,584	(4,973,153)	(9,651)
Income (loss) before transfers	(3,219,025)	(3,219,025)	4,411,445	7,630,470	(488,172)
Transfers in (out)	4,010,000	4,010,000	510,000	(3,500,000)	10,000
Change in net position	$ 790,975	790,975	4,921,445	4,130,470	(478,172)
Net position, beginning of year			2,799,129		3,277,301
Net position, end of year			$ 7,720,574		2,799,129

CITY OF MORRIS, ILLINOIS SCHEDULE D-5
WATER AND SEWER FUND - BOND & INTEREST ACCOUNT

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating revenue:	$ -	-	6,663	6,663	-
Operating expenses	-	-	-	-	-
Operating income (loss)	-	-	6,663	6,663	-
Non-operating income (expense):					
Interest income	1	1	6	5	59
Bond interest	-	-	(61,132)	(61,132)	(65,594)
Bond fees	(750)	(750)	(750)	-	(750)
Total non-operating income (expense)	(749)	(749)	(61,876)	(61,127)	(66,285)
Income (loss) before transfers	(749)	(749)	(55,213)	(54,464)	(66,285)
Transfers in (out)	539,155	539,155	539,155	-	539,760
Change in net position	$ 538,406	538,406	483,942	(54,464)	473,475
Net position, beginning of year			(992,230)		(1,465,705)
Net position, end of year			$ (508,288)		(992,230)

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-1

Combining Statement of Net Position
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Airport Operations Fund	Airport Development Fund	Totals 2026	Totals 2025
Assets				
Cash and cash equivalents	$ 1,721,931	-	1,721,931	1,856,889
Accounts receivable	13,517	-	13,517	119,689
Inventories	41,421	-	41,421	35,183
Capital assets:				
Land	4,057,690	4,277,861	8,335,551	8,335,551
Land improvements	58,345	-	58,345	58,345
Machinery and equipment	216,233	66,925	283,158	115,863
Buildings and improvements	1,917,355	476,071	2,393,426	2,393,426
Infrastructure	7,800,769	-	7,800,769	7,800,769
Vehicles	102,500	-	102,500	102,500
Accumulated depreciation	(8,865,384)	(227,908)	(9,093,292)	(8,973,976)
Total assets	7,064,377	4,592,949	11,657,326	11,844,239
Liabilities				
Accounts payable and accrued expenses	16,915	-	16,915	7,510
Due to other funds	(877,404)	1,000,000	122,596	122,596
Long-term liabilities due within one year:				
Compensated absences	3,259	-	3,259	12,730
Lease commitments payable	-	-	-	17,673
Long term liabilities due in more than one year:				
Compensated absences	4,889	-	4,889	15,270
Total liabilities	(852,341)	1,000,000	147,659	175,779
Net Position				
Net investment in capital assets	6,164,912	3,592,949	9,757,861	9,692,209
Unrestricted	1,751,806	-	1,751,806	1,976,251
Total net position	$ 7,916,718	3,592,949	11,509,667	11,668,460

CITY OF MORRIS, ILLINOIS
AIRPORT FUNDS

SCHEDULE E-2

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Airport Operations Fund	Airport Development Fund	Total 2026	Total 2025
Operating revenues:				
Facilities rental	$ 240,414	-	240,414	312,765
Fuel sales	351,417	-	351,417	429,939
Miscellaneous revenue	25,813	-	25,813	59,604
Total operating revenues	617,644	-	617,644	802,308
Operating expenses:				
Personal services	276,434	-	276,434	265,136
Contractual services	84,484	-	84,484	147,471
Commodities	410,521	-	410,521	322,126
Capital outlay/maintenance	54,436	-	54,436	28,510
Depreciation	107,795	11,521	119,316	109,622
Other expenses	9,889	-	9,889	6,837
Total operating expenses	943,559	11,521	955,080	879,702
Operating income (loss)	(325,915)	(11,521)	(337,436)	(77,394)
Non-operating revenues (expenses):				
State and federal grants	126,450	-	126,450	88,585
Interest income	52,193	-	52,193	26,471
Interest expense	-	-	-	(2,990)
Total non-operating revenues (expenses)	178,643	-	178,643	112,066
Change in net position	(147,272)	(11,521)	(158,793)	34,672
Net position, beginning of year	8,063,990	3,604,470	11,668,460	11,633,788
Net position, end of year	$ 7,916,718	3,592,949	11,509,667	11,668,460

CITY OF MORRIS, ILLINOIS
AIRPORT FUND - AIRPORT OPERATIONS ACCOUNT

SCHEDULE E-3

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating revenues:					
Fuel sales	$ 450,000	450,000	351,417	(98,583)	429,939
Rent:					
Hangars/land	232,706	232,706	215,756	(16,950)	213,534
Farmland	65,000	65,000	24,658	(40,342)	99,231
Miscellaneous income	8,184	8,184	25,813	17,629	59,604
Total operating revenues	755,891	755,891	617,644	(138,247)	802,308
Operating expenses:					
Personnel:					
Salaries:					
Airport Manager	110,000	118,598	98,746	(19,852)	83,589
Airport Maintenance	110,000	110,000	50,066	(59,934)	89,102
Ground Maintenance	20,000	66,707	62,107	(4,600)	47,080
Insurance:					
Health	98,000	98,000	62,364	(35,636)	42,971
Dental and vision	1,700	2,384	2,384	-	1,499
Life	1,000	1,000	767	(233)	895
Contractual services:					
Engineering services	1,169,282	1,036,889	12,399	(1,024,490)	48,257
Legal fees	25,000	25,000	3,950	(21,050)	8,139
Medical services and supplies	500	500	-	(500)	-
Other professional services	15,000	15,000	13,286	(1,714)	13,283
Postage expenses	1,800	1,800	1,563	(237)	-
Telephone	4,000	4,392	4,392	-	3,886
Printing/publishing	1,000	1,094	1,094	-	558
Dues/subscriptions	4,300	4,300	468	(3,832)	4,182
Training/travel expense	2,500	2,500	-	(2,500)	2,337
Gas	6,000	7,208	7,208	-	9,245
Electricity	25,000	25,000	8,434	(16,566)	25,894
Insurance liability	40,000	40,000	31,690	(8,310)	31,690
Commodities:					
Maintenance:					
Buildings	15,000	76,040	76,040	-	18,061
Equipment	25,000	25,000	17,445	(7,555)	15,488
Vehicles	5,000	5,000	812	(4,188)	1,008
Grounds	10,000	13,793	13,793	-	7,743
Office supplies	1,000	5,647	5,647	-	2,172
Operating supplies	5,000	5,000	4,868	(132)	779
Tools and small equipment	25,000	29,471	4,871	(24,600)	-
Janitorial supplies	1,000	1,235	1,235	-	525
Gasoline/diesel/oil/lubricants	3,500	3,500	2,043	(1,457)	2,114
Aviation fuel	325,000	325,000	259,281	(65,719)	251,742
Refunds	466	490	490	-	465
Fuel sales tax	25,000	25,000	23,996	(1,004)	22,029

CITY OF MORRIS, ILLINOIS
AIRPORT FUND - AIRPORT OPERATIONS ACCOUNT

SCHEDULE E-3
(CONTINUED)

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating expenses (continued):					
Capital outlay:					
Buildings & improvements	$ 20,000	20,000	19,734	(266)	-
Land purchase & improv.	1	1	-	(1)	6,337
T-hangar const. & improv.	25,000	25,000	36	(24,964)	-
Equipment purchase/lease	219,194	219,194	1,521	(217,673)	-
Vehicle purchase/lease	6,000	6,500	6,500	-	6,000
Runway improvements	1,880,000	1,880,000	26,645	(1,853,355)	16,173
Other expenses:					
Miscellaneous expenses	5,000	5,000	3,361	(1,639)	1,062
Bank/credit card fees	7,500	7,500	6,528	(972)	5,775
Depreciation expense	-	-	107,795	107,795	98,101
Total operating expense	4,238,743	4,238,743	943,559	(3,295,184)	868,181
Operating income (loss)	(3,482,852)	(3,482,852)	(325,915)	3,156,937	(65,873)
Nonoperating income (expense):					
Federal and state grants	1,232,541	1,232,541	126,450	(1,106,091)	88,585
Interest income	30,000	30,000	52,193	22,193	26,471
Interest expense	-	-	-	-	(2,990)
Total nonoperating income (expense)	1,262,541	1,262,541	178,643	(1,083,898)	112,066
Income (loss) before transfers	(2,220,311)	(2,220,311)	(147,272)	2,073,039	46,193
Transfers:					
From General Fund	500,000	500,000	-	(500,000)	-
Total transfers	500,000	500,000	-	(500,000)	-
Change in net position	$ (1,720,311)	(1,720,311)	(147,272)	1,573,039	46,193
Net position, beginning of year			8,063,990		8,017,797
Net position, end of year			$ 7,916,718		8,063,990

CITY OF MORRIS, ILLINOIS SCHEDULE E-4
AIRPORT FUND - AIRPORT DEVELOPMENT ACCOUNT

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating income:					
Miscellaneous income	$ -	-	-	-	-
Operating expenses:					
Depreciation expense	-	-	11,521	11,521	11,521
Total operating expenses	-	-	11,521	11,521	11,521
Operating income (loss)	$ -	-	(11,521)	(11,521)	(11,521)
Net position, beginning of year			3,604,470		3,615,991
Net position, end of year			$ 3,592,949		3,604,470

CITY OF MORRIS, ILLINOIS SCHEDULE F
GARBAGE FUND

Schedule of Revenues, Expenses, and Changes in Fund Net Position - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Operating revenues:					
Garbage collection fees	$ -	-	-	-	-
Total operating revenues	-	-	-	-	-
Operating expenses:					
Garbage disposal expense	-	-	-	-	-
Total operating expenses	-	-	-	-	-
Operating income (loss)	-	-	-	-	-
Non-operating income (expense):					
Interest income	-	-	-	-	553
Total non-operating income (expense):	-	-	-	-	553
Transfers:					
To Water & Sewer	-	-	-	-	(155,799)
Change in net position	$ -	-	-	-	(155,246)
Net position, beginning of year			-		155,246
Net position, end of year			$ -		-

CITY OF MORRIS, ILLINOIS
POLICE PENSION TRUST FUND

SCHEDULE G

Statement of Changes in Fiduciary Net Position
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	Year Ended April 30,	
	2026	2025
Additions		
Contributions:		
Employer	$ 1,448,781	1,396,332
Employee	296,153	333,044
Other	40,074	-
Total contributions	1,785,008	1,729,376
Investment earnings:		
Net (decrease) increase in fair value of investments	4,466,202	1,805,726
Interest and dividends	284,348	265,262
Total investment earnings	4,750,550	2,070,988
Less investment expenses:		
Investment management fees	(19,909)	(13,795)
Net investment income	4,730,641	2,057,193
Total additions	6,515,649	3,786,569
Deductions		
Benefits paid	1,672,317	1,533,656
Refunds to participants	823	-
Administrative expense	53,654	93,802
Total deductions	1,726,794	1,627,458
Change in net position	4,788,855	2,159,111
Net position, beginning of year	25,128,704	22,969,593
Net position, end of year	$ 29,917,559	25,128,704

CITY OF MORRIS, ILLINOIS
CUSTODIAL FUND

SCHEDULE H-1

Combining Statement of Net Position
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Security Deposit Trust Fund Totals	
	2026	2025
Assets		
Cash and cash equivalents	$ 187,307	178,266
Liabilities		
Security deposits payable	187,307	178,266
Total liabilities	187,307	178,266
Net Position		
Unrestricted	$ -	-

CITY OF MORRIS, ILLINOIS SCHEDULE H-2
CUSTODIAL FUND

Combining Statement of Changes in Assets and Liabilities
April 30, 2026
(With Comparative Figures for April 30, 2025)

	Security Deposit Trust Fund Totals	
	2026	2025
Additions:		
Escrow fees	$ 3,034	-
Sidewalk	3,000	-
Sewer	750	-
Interest income	5,257	13,898
Total additions	12,041	13,898
Deductions:		
Refund of deposits & fees	3,000	67,943
Total deductions	3,000	67,943
Change in assets & liabilities	9,041	(54,045)
Assets & liabilities - beginning	178,266	232,311
Assets & liabilities - ending	$ 187,307	178,266

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1

Expenditures - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Finance and administration:					
Personnel:					
Salaries:					
Mayor	$ 118,570	118,960	118,960	-	114,323
Liquor Commissioner	10,000	10,028	10,028	-	10,028
Community Affairs	46,794	46,948	46,948	-	45,163
Mayor's Secretary	53,431	79,651	79,651	-	76,697
Aldermen	48,000	48,000	48,000	-	48,000
Aldermen - Committee Mtg	7,000	7,000	5,680	(1,320)	3,325
City Clerk	103,288	103,628	104,038	410	99,588
Budget Officer	17,500	17,548	17,548	-	17,548
Treasurer	4,000	4,000	4,000	-	3,500
Deputy Treasurer	89,989	90,285	90,285	-	86,766
Building and Zoning Officer	105,003	105,348	105,348	-	101,340
Director of Public Works	86,733	108,595	108,595	-	120,631
Public Works Secretary	30,251	32,227	32,227	-	58,704
Custodian	27,500	27,500	27,076	(424)	50,903
Fire Marshall	39,370	39,370	39,370	-	37,856
Deputy City Clerk F&A	133,834	152,635	152,635	-	87,115
Human Resource Admin.	34,131	34,131	31,741	(2,390)	29,718
Summer Clerical	8,000	8,000	7,446	(554)	5,936
Zoning Board of Appeals	1,000	1,000	850	(150)	125
Planning Commission	1,500	1,500	1,160	(340)	1,320
Police Commission	1,000	1,000	225	(775)	750
Insurance:					
Health	400,000	400,000	317,935	(82,065)	337,357
Dental and vision	19,200	19,200	16,383	(2,817)	17,680
Life	7,500	7,500	6,153	(1,347)	6,833
Unemployment	1	1	-	(1)	-
Contractual services:					
Accounting service	25,000	28,800	28,800	-	21,250
Engineering service	100,000	137,174	137,174	-	84,151
Legal service	215,000	237,587	237,587	-	186,659
Medical services and supplies	-	-	20	20	-
Data processing/internet	75,000	75,000	71,499	(3,501)	56,445
Other professional services	150,000	150,000	71,582	(78,418)	165,423
Building inspector fee	31,000	31,000	26,300	(4,700)	41,150
Plumbing inspector fee	11,150	11,150	8,800	(2,350)	13,650
Electrical inspector fee	1	1	-	(1)	-
Postage and meter expense	15,000	15,000	6,504	(8,496)	1,495
Telephone	75,000	75,000	66,840	(8,160)	62,210
Cell phone	2,100	2,100	1,682	(418)	1,638
Printing/publishing	12,000	22,935	22,935	-	14,024
Dues/subscriptions	5,000	45,644	45,644	-	46,469
Training/travel expense	17,000	17,000	10,788	(6,212)	14,653
Codification services	15,000	15,000	6,513	(8,487)	5,615
Building & zoning expense	1,000	1,000	99	(901)	270
Police/fire commission	15,000	15,962	15,962	-	44,419
Gas	60,000	60,000	12,131	(47,869)	4,980
Fire Marshall	7,000	8,091	8,091	-	12,334
Insurance	207,411	208,625	208,625	-	204,823
Copier machine rental	4,000	4,833	4,833	-	4,830

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Finance and administration (continued):					
Commodities:					
Maintenance:					
Building	$ 42,000	42,000	4,703	(37,297)	40,088
Equipment	8,500	12,008	12,008	-	7,269
Grounds	3,000	17,597	17,597	-	2,781
Office supplies	7,500	12,559	12,559	-	6,548
Operating supplies	5,000	5,000	2,855	(2,145)	2,768
Janitorial supplies	8,500	9,890	9,890	-	10,273
Capital outlay:					
Equipment	8,000	8,000	-	(8,000)	6,290
Furniture	15,000	15,000	7,111	(7,889)	-
Computer equipment	90,000	90,000	24,021	(65,979)	23,685
Other expenditures:					
Sales tax reimbursement	1,100,000	1,107,705	1,028,178	(79,527)	1,096,678
Memorials	300	300	-	(300)	-
Donations	5,000	5,000	1,325	(3,675)	15,488
Bank Expense	1,800	2,687	2,687	-	2,208
Miscellaneous expense	220,000	220,000	18,067	(201,933)	43,775
Total finance and administration	3,950,857	4,173,703	3,505,692	(668,011)	3,605,545
Police department:					
Personnel:					
Salaries:					
Chief of Police	142,310	142,779	142,779	-	137,213
Deputy Chief	128,668	129,620	129,620	-	124,059
Sergeants	585,749	585,749	569,175	(16,574)	541,077
Patrol Persons	2,208,745	2,208,745	2,153,557	(55,188)	1,929,362
Part-time Patrol Persons	75,000	75,000	47,765	(27,235)	62,807
DC Investigations	-	-	1,065	1,065	-
Police FOIA Officer	7,500	7,500	7,459	(41)	7,521
Admin. Assistant Investigation	65,710	65,991	65,991	-	63,501
Computer Operator	45,302	45,531	45,531	-	43,802
Ordinance Enforcer	58,718	59,149	59,149	-	56,903
Community Service	40,498	40,498	39,482	(1,016)	34,907
School Crossing Guards	81,328	81,328	76,909	(4,419)	70,500
Records and Technology	84,355	86,477	86,477	-	81,529
Sick Time/Benefit Payout	1	1	-	(1)	-
Overtime/Holiday Pay	609,786	681,672	651,925	(29,747)	629,191
Insurance Benefits:					
Health	1,347,406	1,347,406	1,014,102	(333,304)	1,089,306
Dental and vision	45,000	45,000	39,731	(5,269)	43,581
Life	14,850	14,850	14,149	(701)	14,614
Deferred compensation	12,300	16,083	16,083	-	12,316
Pension contributions	60,000	60,000	1,448,781	1,388,781	1,396,332
Uniform expense	34,000	34,000	22,344	(11,656)	22,838
Contractual services:					
Legal Fees	50,000	50,000	30,681	(19,319)	37,076
First Responder Wellness Check Mandate	2,000	2,000	1,800	(200)	1,800
Medical service - arrestees	3,500	3,500	-	(3,500)	1,535
Data processing service	190,000	190,000	163,977	(26,023)	132,240
Dispatcher agreement	425,000	425,000	418,836	(6,164)	421,868
Mobile Data Terminal Internet Service	10,000	10,000	8,686	(1,314)	8,263
Postage and meter expense	4,500	4,500	3,500	(1,000)	4,000
Cell phone	14,500	14,500	14,314	(186)	13,184
Printing/publishing	3,500	3,500	1,979	(1,521)	4,679

Expenditures - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Police department (continued):					
Contractual services (continued):					
Dues/subscriptions	$ 10,000	10,000	8,220	(1,780)	7,479
Training/travel expense	50,000	50,000	29,116	(20,884)	41,287
Tuition reimbursement	3,000	3,000	-	(3,000)	-
Investigation expense	33,500	33,500	32,781	(719)	31,115
Booking/processing expense	4,000	4,000	334	(3,666)	181
Copier machine rental	6,000	6,000	4,098	(1,902)	3,255
Commodities:					
Maintenance:					
Building	8,000	8,000	764	(7,236)	1,848
Equipment	7,000	7,000	5,195	(1,805)	3,213
Vehicles	50,000	50,000	47,273	(2,727)	59,838
Communication equip.	10,000	10,000	-	(10,000)	-
Office supplies	7,000	7,000	4,144	(2,856)	4,686
Operating supplies	3,500	3,593	3,593	-	2,789
Gas / oil / lubricants	90,000	90,000	77,293	(12,707)	80,995
Awards	500	500	285	(215)	15
School Crossing Guard Supplies	300	300	67	(233)	323
Books and periodicals	1	1	-	(1)	-
Capital outlay:					
Equipment	110,000	110,000	88,353	(21,647)	80,251
Vehicles	161,318	161,318	153,140	(8,178)	126,538
Furniture	3,500	3,500	1,055	(2,445)	4,312
Communication equipment	15,000	15,000	7,093	(7,907)	4,503
Computer equipment	17,500	17,500	9,535	(7,965)	13,593
Other expenditures:					
Miscellaneous expense	12,500	12,931	12,931	-	14,095
Animal control	20,000	27,589	27,589	-	16,151
M.A.N.S. expense	5,000	5,000	-	(5,000)	-
Total police department	6,977,845	7,066,111	7,788,706	722,595	7,482,471
Streets and alleys:					
Personnel:					
Salaries:					
Superintendent of Streets	112,157	120,506	120,506	-	108,495
Mechanic	91,166	91,443	91,443	-	87,879
Class A Operator	364,666	364,666	350,723	(13,943)	354,986
Class B Operator	427,544	427,544	355,764	(71,780)	290,037
Class A Laborer	324,896	491,222	491,222	-	473,603
Class B Laborer	77,376	77,376	-	(77,376)	37,104
Overtime	40,000	57,884	57,884	-	33,952
Insurance:					
Health	528,000	528,000	462,682	(65,318)	466,048
Dental and vision	30,800	30,800	18,068	(12,732)	18,705
Life	6,900	6,900	6,395	(505)	7,032
Unemployment	1	1	-	(1)	-
Deferred compensation	7,400	7,983	7,983	-	9,116

Expenditures - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Streets and alleys (continued):					
Contractual services:					
Engineering services	$ 60,000	174,973	174,973	-	31,698
Medical service and testing	5,500	5,500	3,163	(2,337)	3,899
Other Professional Services	696,379	696,379	129,669	(566,710)	121,770
Cell phone	1,400	1,400	1,119	(281)	1,092
Printing/publishing	500	953	953	-	107
Training/travel expenses	2,500	3,513	3,513	-	2,418
Street light electricity	130,000	154,143	154,143	-	167,546
Rentals	14,000	14,000	5,518	(8,482)	245
Commodities:					
Maintenance:					
Buildings	15,000	15,000	3,567	(11,433)	1,933
Equipment	55,000	55,000	24,695	(30,305)	37,907
Vehicles	50,000	66,302	66,302	-	45,213
Streets	35,000	35,000	20,017	(14,983)	16,115
Traffic signals	110,000	110,000	77,589	(32,411)	113,978
Tree trimming	8,000	8,000	4,825	(3,175)	6,480
Street control	50,000	64,768	64,768	-	43,438
Street lights	40,000	51,683	61,384	9,701	38,881
Operating supplies	40,000	43,271	43,276	5	27,495
Tools and small equipment	12,000	12,145	12,145	-	3,570
Janitorial supplies	3,500	3,792	3,792	-	2,432
Gas / oil / lubricants	90,000	92,952	92,952	-	67,220
Capital outlay:					
Equipment	12,000	23,801	23,801	-	126,614
Vehicles	95,000	95,000	92,365	(2,635)	23,464
Street construction	3,400,000	2,613,529	936,188	(1,677,341)	282,653
Bridge construction	250,000	250,000	881	(249,119)	-
Storm sewer construction	10,000	10,000	32,646	22,646	482
Sidewalk construction	150,000	150,000	149,887	(113)	144,402
Street signs	15,000	15,000	5,485	(9,515)	7,980
Street lighting	20,000	20,000	-	(20,000)	-
Furniture	60,000	60,000	9,570	(50,430)	-
Communication equipment	10,000	10,000	1,151	(8,849)	1,230
Other expenditures - misc.	12,000	12,000	11,450	(550)	5,301
Total streets and alleys	7,463,685	7,072,429	4,174,457	(2,897,972)	3,212,520
Parks department:					
Personnel:					
Salaries:					
Superintendent of Parks & Recreation	90,000	90,000	78,536	(11,464)	-
Parks Leadsman	83,456	83,456	5,980	(77,476)	80,505
Asst. Parks Leadsman	-	-	-	-	31,719
Parks Laborer	154,799	208,189	208,189	-	149,339
Summer Maintenance	55,000	55,000	24,057	(30,943)	48,468
Overtime	4,000	7,200	7,200	-	3,060
Insurance:					
Health	197,472	197,472	114,089	(83,383)	136,139
Dental and vision	7,800	7,800	4,652	(3,148)	6,013
Life	1,500	1,500	1,498	(2)	1,388
Unemployment	1	1	-	(1)	-
Deferred compensation	1,800	1,800	1,133	(667)	1,883

Expenditures - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Parks department (continued):					
Contractual services:					
Engineering services	$ 30,000	30,000	24,610	(5,390)	4,988
Electricity	20,000	22,231	22,231	-	15,314
Rentals	1,000	1,000	-	(1,000)	134
Commodities:					
Maintenance:					
Building	10,000	10,000	8,037	(1,963)	2,774
Equipment	15,000	15,000	12,404	(2,596)	7,827
Vehicles	3,000	3,000	2,644	(356)	993
Grounds	10,000	10,000	5,960	(4,040)	6,308
Tennis courts	2,000	2,000	-	(2,000)	-
Baseball fields	25,000	25,000	1,720	(23,280)	40,690
Operating supplies	12,000	12,000	7,243	(4,757)	5,694
Tools and small equipment	5,000	5,000	387	(4,613)	87
Janitorial supplies	3,000	3,000	659	(2,341)	2,392
Gas / oil / lubricants	15,000	15,000	11,837	(3,163)	12,860
Capital outlay:					
Park improvements	300,000	300,000	146,106	(153,894)	3,033,655
Equipment	2,000	14,495	14,495	-	-
Vehicles	100	100	-	(100)	-
Other expenditures - misc.	5,000	5,747	5,747	-	1,054
Total parks department	1,053,928	1,125,991	709,414	(416,577)	3,593,284
Swimming Pool:					
Personnel:					
Salaries:					
Management	57,000	57,000	41,796	(15,204)	31,579
Summer employees	90,000	93,201	93,201	-	85,376
Red cross	6,000	6,000	3,979	(2,021)	5,275
Contractual services:					
Engineering service	1	1	-	(1)	-
Printing/publishing	200	200	168	(32)	141
Dues/subscriptions	1,200	1,200	600	(600)	863
Gas	1,000	1,000	637	(363)	684
Commodities:					
Maintenance	7,000	7,000	5,555	(1,445)	5,045
Operating supplies	5,000	5,000	4,678	(322)	4,908
Tools and small equipment	8,000	8,000	4,285	(3,715)	209
Janitorial supplies	300	300	-	(300)	16
Chemicals	20,000	20,000	12,003	(7,997)	14,707
Capital outlay:					
Pool improvements	3,000	3,000	-	(3,000)	421
Equipment	3,000	4,577	4,577	-	7,025
Furniture Purchase	5,000	5,000	3,140	(1,860)	-
Other expenditures:					
Miscellaneous	1,500	2,680	2,680	-	1,165
Concession stand	8,500	8,500	7,430	(1,070)	7,674
Total swimming pool	216,701	222,659	184,729	(37,930)	165,088

CITY OF MORRIS, ILLINOIS
GENERAL FUND

SCHEDULE I-1
(CONTINUED)

Expenditures - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Senior Van:					
Personnel - salaries	$ 13,500	14,575	14,575	-	14,212
Contractual - printing	1	1	-	(1)	-
Commodities:					
Maintenance	1,000	1,099	1,099	-	841
Gas / oil / lubricants	3,000	3,000	2,583	(417)	2,967
Other expenditures - misc.	500	500	78	(422)	-
Total senior van	18,001	19,175	18,335	(840)	18,020
Business Development:					
Printing/Publications	1	1	-	(1)	-
Dues and Subscriptions	1	950	950	-	-
Training/Traveling Exp	500	500	105	(395)	1,381
Office Supply/Equipment/Lease	2,500	2,500	629	(1,871)	-
Equipment Purchase/Lease	100	100	-	(100)	-
Furniture Purchase	100	100	-	(100)	-
Computer Equipment & Program Purchase	150	150	-	(150)	200
Miscellaneous Expense	2,500	2,500	198	(2,302)	582
Total Business Development	5,852	6,801	1,882	(4,919)	2,163
Agency fund expenditures	-	-	34,144	34,144	-
Provision for Contingencies	100,000	100,000	33,652	(66,348)	-
Total expenditures	19,786,869	19,786,869	16,451,011	(3,335,858)	18,079,091
Transfers to (from) other funds:					
Airport Operations	500,000	500,000	-	500,000	-
Total transfers to (from) other funds	500,000	500,000	-	500,000	-
Total General Fund	$ 20,286,869	20,286,869	16,451,011	(3,835,858)	18,079,091
Summary by Function:					
Current:					
General government	$ 3,943,709	4,167,504	3,544,238	(623,266)	3,577,733
Public safety	6,610,527	6,698,793	6,080,749	(618,044)	5,856,942
Public works	3,459,686	3,844,274	2,940,818	(903,456)	2,643,715
Culture and recreation	962,529	1,026,478	728,965	(297,513)	717,271
Employee retirement costs	60,000	60,000	1,448,781	1,388,781	1,396,332
Capital outlay	4,750,418	3,989,820	1,707,460	(2,282,360)	3,887,098
Total expenditures	19,786,869	19,786,869	16,451,011	(3,335,858)	18,079,091
Transfers to (from) other funds	500,000	500,000	-	500,000	-
Total General Fund	$ 20,286,869	20,286,869	16,451,011	(3,835,858)	18,079,091

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2

Expenses - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Administrative department:					
Personal services:					
Salaries:					
Senior Water Clerk	$ -	-	-	-	33,584
Water Clerk	135,600	135,600	131,099	(4,501)	94,491
Secretary	30,251	32,546	32,546	-	-
Director	86,733	86,733	82,324	(4,409)	-
Custodian	27,500	27,500	27,379	(121)	-
Human Resource Admin	34,131	34,131	31,741	(2,390)	29,718
Insurance:					
Health	90,540	90,540	72,334	(18,206)	47,677
Dental and vision	2,200	2,727	2,727	-	1,622
Life	1,225	1,717	1,717	-	1,324
Contractual services:					
Accounting service	22,000	23,500	23,500	-	19,113
Legal service	15,000	15,000	11,964	(3,036)	27,208
Technology and internet	10,000	10,000	-	(10,000)	-
Postage and meter expense	15,000	24,649	24,649	-	17,141
Telephone and alarms	40,000	47,133	47,133	-	45,456
Cell phone	4,300	4,300	3,626	(674)	4,240
Printing and publishing	5,200	5,200	2,926	(2,274)	1,946
Dues and subscriptions	500	500	50	(450)	60
Training and travel expense	100	100	-	(100)	-
Gas	30,000	35,637	35,637	-	33,019
Insurance	207,411	208,625	208,625	-	204,823
Rentals	1	1	-	(1)	-
Copier Machine Rental/Expenses	8,000	8,000	189	(7,811)	62
Commodities:					
Office supplies	3,000	4,049	4,049	-	5,193
Operating supplies	1,000	1,000	984	(16)	-
Capital outlay:					
Equipment	2,500	2,500	-	(2,500)	-
Computers and programs	86,000	32,103	24,959	(7,144)	19,665
Other expenses:					
Fees	30,000	53,348	53,348	-	39,023
Water refunds	1	1	-	(1)	-
Miscellaneous expenses	1,500	2,552	2,552	-	2,003
Total administrative department	889,693	889,692	826,058	(63,634)	627,368
Water department:					
Personal services:					
Salaries:					
Water foreman	104,573	106,224	106,224	-	102,591
Assistant foreman	97,344	97,664	97,664	-	100,319
Class A	202,332	202,332	178,999	(23,333)	102,973
Class B	171,018	171,018	42,416	(128,602)	148,583
Class C	1	101,157	101,157	-	74,654
Class D	69,908	108,369	108,369	-	62,289
Overtime	40,000	42,758	42,758	-	34,286
Summer	13,000	13,000	7,837	(5,163)	11,252
Insurance:					
Health	198,000	198,000	175,431	(22,569)	174,874
Dental and vision	8,802	8,802	6,872	(1,930)	7,959
Life	3,400	3,400	2,777	(623)	3,087
VALIC - employer portion	2,652	2,652	2,400	(252)	2,650

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Water department (continued):					
Contractual services:					
Engineering services	$ 100,000	100,000	64,432	(35,568)	69,996
Medical service and supplies	100	304	304	-	74
Technology	30,000	30,000	14,465	(15,535)	13,568
JULIE locate service	24,000	48,200	48,200	-	24,634
Training and travel expense	5,000	8,443	8,443	-	3,386
Electricity	250,000	268,145	268,145	-	298,552
Rental equipment	5,000	5,000	-	(5,000)	20
Uniforms	5,800	5,800	1,914	(3,886)	-
Copier machine rental	500	500	-	(500)	463
Commodities:					
Maintenance:					
Equipment	55,000	55,000	42,962	(12,038)	51,824
Meters	10,000	10,000	4,496	(5,504)	2,949
Vehicles	10,000	15,359	15,358	(1)	11,564
WTP and building	10,000	10,000	6,126	(3,874)	5,344
Water towers	10,000	10,000	515	(9,485)	5,063
Well houses	15,000	15,000	4,060	(10,940)	7,715
Water mains	60,000	60,000	38,204	(21,796)	32,423
Pumping equipment	100,000	100,000	2,209	(97,791)	2,756
Grounds	5,000	5,000	68	(4,932)	798
Office supplies & equipment	3,000	3,000	729	(2,271)	92
Operating supplies	15,000	15,000	9,924	(5,076)	8,521
Lab Testing, Samples & Supplies	10,000	10,000	8,831	(1,169)	5,407
Tools and small equipment	10,000	10,163	10,163	-	3,284
Janitorial supplies	1,000	2,429	2,429	-	392
Gas / oil / lubricant	40,000	40,000	22,339	(17,661)	21,557
Chemicals	80,000	80,000	67,786	(12,214)	61,559
Sodium chloride	275,000	275,000	233,531	(41,469)	260,092
Print & non-print materials	1,000	1,000	-	(1,000)	-
Capital outlay:					
WTP improvements	500,000	302,711	10,885	(291,826)	16,537
Equipment	90,000	90,000	16,494	(73,506)	738
Meters	100,000	113,069	113,069	-	180,053
Valves and hydrants	20,000	20,000	6,000	(14,000)	-
Hydra-stop equipment	2,000	2,000	557	(1,443)	164
Pumping equipment	25,000	25,000	-	(25,000)	-
Vehicles	38,000	38,000	2,274	(35,726)	-
Water main extensions	35,000	35,000	-	(35,000)	-
Water well construction	200,000	20	-	(20)	12,481
Water system control	10	10	-	(10)	-
Water towers	700,000	616,809	397,858	(218,951)	300,675
Furniture	20,000	20,000	-	(20,000)	20,000
Other expenses:					
Water analysis	15,000	15,268	15,268	-	8,639
Miscellaneous expenses	5,000	5,000	4,754	(246)	1,992
Loan Interest	83,957	83,957	76,696	(7,261)	111,556
Total water department	3,875,397	3,605,563	2,392,392	(1,213,171)	2,370,385

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Sewer department:					
Contractual services:					
Engineering services	$ 50,000	50,000	12,368	(37,632)	29,543
Rental equipment	25,000	25,000	-	(25,000)	-
Commodities:					
Maintenance:					
Equipment	15,000	15,000	51	(14,949)	-
Sewer machine	1	10,961	10,961	-	5,326
Lift stations	25,000	29,032	29,032	-	16,858
Sewer mains	1	1	-	(1)	6,481
Capital outlay:					
Equipment	1	1	-	(1)	-
Manholes and grates	1	1	-	(1)	-
Sewer extensions	1	1	-	(1)	-
Lift stations	100,000	150,209	16,547	(133,662)	-
Miscellaneous expenses	5,000	5,000	75	(4,925)	2,738
Total sewer department	220,005	285,206	69,034	(216,172)	60,946
Sewer treatment department:					
Personal services:					
Salaries:					
Operator	104,573	112,458	112,458	-	103,700
Operator 1	1	1	-	(1)	(2,076)
Lab assistant T4	84,495	108,301	108,301	-	103,077
Lab assistant T	69,590	113,361	113,361	-	67,584
Summer maintenance	6,000	13,532	13,532	-	5,280
Overtime	10,000	18,921	18,921	-	12,558
Insurance:					
Health	82,000	127,645	127,645	-	137,442
Dental and vision	4,772	5,132	5,132	-	4,302
Life	1,715	1,715	1,608	(107)	1,612
VALIC - employer portion	1,650	1,650	1,650	-	1,483
Contractual services:					
Engineering services	30,000	30,000	1,239	(28,761)	18,594
Engineering - NE STP	1	1	-	(1)	-
Medical service & supplies	5,000	4,501	510	(3,991)	3,559
Technology	5,000	5,000	4,741	(259)	4,256
Training/travel expense	5,000	5,000	2,855	(2,145)	3,150
Electricity - central	120,000	123,978	123,978	-	134,637
Electricity - NE STP	170,000	175,977	175,977	-	170,732
Sludge disposal expense	100,000	122,521	122,520	(1)	88,381
Uniform rentals	5,800	5,800	1,423	(4,377)	-
Copier machine rental	1	1	-	(1)	419
Commodities:					
Maintenance:					
Equipment	50,000	87,546	87,546	-	135,564
Vehicles	15,000	15,000	11,265	(3,735)	5,618
STP	12,000	12,000	2,612	(9,388)	11,109
Grounds	5,500	5,500	-	(5,500)	3,440

CITY OF MORRIS, ILLINOIS
WATER AND SEWER FUND - OPERATIONS & MAINTENANCE ACCOUNT

SCHEDULE I-2
(CONTINUED)

Expenses - Budget and Actual
Year Ended April 30, 2026
(With Comparative Figures for the Year Ended April 30, 2025)

	2026				2025
	Budgeted Amounts				
	Original	Final	Actual	Variance with Final Budget	Actual
Sewer treatment department (continued):					
Commodities (continued):					
Office supplies and equip.	$ 5,000	5,000	1,739	(3,261)	93
Operating supplies	7,000	7,000	1,957	(5,043)	2,309
Lab testing samples	40,000	40,000	28,600	(11,400)	42,801
Tools and small equipment	6,000	6,000	862	(5,138)	1,160
Janitorial supplies	2,500	2,500	880	(1,620)	1,113
Gasoline/diesel/oil/lubricants	23,000	23,000	20,875	(2,125)	15,571
Chemicals	25,000	25,000	11,677	(13,323)	9,584
Capital outlay:					
Sewer treatment plant	1	500	500	-	-
Plant Improvements	120,000	137,510	14,377	(123,133)	36,838
Vehicles and equipment	123,300	125,002	6,666	(118,336)	1,188
Other expenses:					
IEPA/NPDES fees	50,000	50,000	30,500	(19,500)	30,500
Miscellaneous expenses	5,000	5,000	140	(4,860)	143
Total sewer treatment department	1,294,899	1,522,053	1,156,047	(366,006)	1,155,721
Garbage disposal:					
Garbage Disposal	1,439,145	1,416,625	1,406,030	(10,595)	1,379,217
Miscellaneous	5,000	5,000	2,646	(2,354)	2,851
Total garbage disposal	1,444,145	1,421,625	1,408,676	(12,949)	1,382,068
Depreciation expense	-	-	921,207	921,207	878,920
Total expenses	7,724,139	7,724,139	6,773,414	(950,725)	6,475,408
Transfers:					
To Revenue Bond & Interest	539,155	539,155	539,155	-	539,760
To TIF	1	1	-	(1)	1,500,000
To Capital Improvements	10,000	10,000	10,000	-	10,000
To Water & Sewer	4,000,000	4,000,000	500,000	3,500,000	-
Total transfers	4,549,156	4,549,156	1,049,155	3,499,999	2,049,760
Total Operations & Maintenance	$ 12,273,295	12,273,295	7,822,569	2,549,274	8,525,168
Summary by Function:					
Operating expenses:					
Personal services	$ 1,684,006	1,969,586	1,757,379	(212,207)	1,468,895
Contractual services	1,293,714	1,396,816	1,209,813	(187,003)	1,217,032
Commodities	945,002	1,005,540	682,820	(322,720)	743,560
Capital outlay	2,161,814	1,710,446	610,186	(1,100,260)	590,892
Depreciation	-	-	921,207	921,207	878,920
Other expenses	1,639,603	1,641,751	1,592,009	(49,742)	1,576,109
Total operating expenses	7,724,139	7,724,139	6,773,414	(950,725)	6,475,408
Transfers to other accounts	4,549,156	4,549,156	1,049,155	3,499,999	2,049,760
Total Operations & Maintenance	$ 12,273,295	12,273,295	7,822,569	2,549,274	8,525,168

SUPPLEMENTAL SECTION (UNAUDITED)

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

City of Morris	Tax Year				
	2021	2022	2023	2024	2025
Assessed valuations	$ 374,047,299	415,770,738	474,062,476	497,647,868	544,996,728
Tax rates:					
General Corporate	0.10881	0.15275	0.22123	0.23210	0.23853
Police Pension	0.36068	0.32107	0.29455	0.29113	0.29268
Municipal Retirement	0.08437	0.05797	0.05590	0.04220	0.04312
Social Security	0.08295	0.06952	0.05202	0.05526	0.05046
Medicare	0.00000	0.00000	0.02393	0.02613	0.02386
Police Protection	0.02005	0.01804	0.01583	0.01508	0.01324
Totals	0.6569	0.6194	0.6635	0.6619	0.6619
Tax extensions:					
General Corporate	407,001	635,090	1,048,768	1,155,041	1,300,035
Police Pension	1,349,114	1,334,915	1,396,351	1,448,802	1,595,096
Municipal Retirement	315,584	241,022	265,001	210,007	235,003
Social Security	310,272	289,044	246,607	275,000	275,005
Medicare	-	-	113,443	130,035	130,036
Police Protection	74,996	75,005	75,044	75,045	72,158
Total	2,456,967	2,575,076	3,145,214	3,293,930	3,607,333
Plus: Road & Bridge	58,275	62,712	62,527	74,329	85,383
Total Extensions	2,515,242	2,637,788	3,207,741	3,368,259	3,692,716
Tax Collections	$ 2,415,511	2,627,834	3,116,077	3,282,859	-

TIF I:					
	2021	2022	2023	2024	2025
Assessed valuation	$ 71,515,957	78,744,608	85,818,253	92,600,255	101,091,045
Tax rate	0.61946	0.61935	0.66346	0.66190	0.66190
Tax Extension	5,530,343	5,999,265	6,662,040	7,163,796	7,933,655
Tax Collections	$ 5,526,565	5,966,453	6,637,293	7,023,059	-

Marina TIF:					
	2021	2022	2023	2024	2025
Assessed valuation	$ 371,530	467,330	612,880	712,307	870,215
Tax rate	0.61946	0.61935	0.66346	0.66190	0.66190
Tax Extension	29,456	36,530	48,905	57,764	70,375
Tax Collections	$ 27,473	36,234	44,612	52,743	-

Brisbin Road TIF (TIF III):					
	2021	2022	2023	2024	2025
Assessed valuation	$ -	1,546,175	3,476,340	20,747,460	32,945,675
Tax rate	-	0.61935	0.66346	0.66190	0.66190
Tax Extension	-	11,208	256,680	1,528,617	2,463,707
Tax Collections	$ -	112,208	256,680	1,532,648	-

OTHER REQUIRED REPORTING

Mack & associates
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Members of the City Council

City of Morris, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise City of Morris, Illinois' basic financial statements and have issued our report thereon dated November 16, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Morris, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Morris, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Morris, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a significant deficiency. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2026-01, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Morris, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of City of Morris, Illinois, in a separate letter dated November 16, 2026.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 16, 2026

Mack & associates
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Compliance with the Illinois Tax Increment Allocation Redevelopment Act

Honorable Mayor and
Members of the City Council
City of Morris, Illinois

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Morris, Illinois, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 16, 2026.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Compliance with laws, regulations, contracts and grants applicable to the City of Morris, Illinois, is the responsibility of the City of Morris, Illinois' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement we performed tests on City of Morris, Illinois' compliance with provisions of Subsection (q) of Section 11-74.4-3 of Public Act 85-1142. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

However, the results of our tests disclosed no instances of noncompliance with Section 11-74.4-3 of Public Act 85-1142.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

This report is intended solely for the information and use of the City Board, management, State of Illinois, and others within the City and is not intended to be and should not be used by anyone other than those specified parties.

Mack & Associates, P.C

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 16, 2026

SINGLE AUDIT SECTION

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Chairman and Members of the Board

City of Morris, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Morris, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of City of Morris, Illinois' major federal programs for the year ended April 30, 2026. City of Morris, Illinois' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Morris, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended April 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Morris, Illinois, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Morris, Illinois' compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts of grant agreements applicable to City of Morris, Illinois' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Morris, Illinois' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risks of not detecting material noncompliance resulting from fraud is higher than those resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements deferred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Morris, Illinois' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Morris, Illinois's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Morris, Illinois's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Morris, Illinois's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Morris, Illinois' compliance.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mack & Associates, P.C

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
November 16, 2026

CITY OF MORRIS, ILLINOIS

Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2026

Federal Grantor/Pass-Through Grantor/ Program Title	Federal ALN Number		Expenditures
U.S. Department of Transportation			
Passed though Illinois Department of Transportation			
Airport Transportation	20.106	$	47,278
Statewide Planning & Research	20.205		176,000
U.S. Department of Justice			
Bullet Proof Vests	16.607		1,439
Body Worn Cameras	16.835		11,656
U.S. Department of Housing and Urban Development			
Passed though Illinois Department of Commerce and Economic Opportunity:			
Eastside Rehabilitation	14.228		463,359
Community Project Funding **(M)**	14.251		1,065,816
Total Expenditures of Federal Awards		$	1,765,548

(M) Denoted as Major Program

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2026

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards includes the activity of all federal grants of City of Morris, Illinois, under programs of the federal government for the year ended April 30, 2026. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies are included on the schedule. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit requirements of Federal Awards. Because the schedule presents only a selected portion of the operations of City of Morris, Illinois, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Morris, Illinois.

The City of Morris reporting entity is defined in the Summary of Significant Accounting Policies (Note 1) of the City's basic financial statements.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 2: INDIRECT FACILITIES & ADMINISTRATION COSTS

City of Morris, Illinois elected not to use the 10% de minimis cost rate.

NOTE 3: SUB-RECIPIENT PAYMENTS

City of Morris, Illinois provided no awards to sub-recipients during the fiscal year ended April 30, 2026.

NOTE 4: OTHER DISCLOSURES

The City did not receive any federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees.

CITY OF MORRIS, ILLINOIS

Summary of Findings and Questioned Costs
For the Year Ended April 30, 2026

A. SUMMARY OF AUDITORS' RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of City of Morris, Illinois.

2. There is one material weakness and no significant deficiencies relating to the audit of the City's financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the City of Morris, Illinois were disclosed during the audit.

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and On Internal Control over Compliance Required by the Uniform Guidance.

5. The Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance for the City of Morris, Illinois expresses an unmodified opinion on all major federal programs.

6. Audit findings relative to the major federal award programs for the City of Morris, Illinois are reported in Part B of this Schedule.

7. The major program tested was the Community Project Funding - ALN #14.251.

8. Total federal expenditures for the fiscal year ended April 30, 2026, were $1,765,548, and major programs tested represented 60.36% of that total.

9. The threshold for distinguishing Types A and B programs was $1,000,000.

10. City of Morris, Illinois was not determined to be a low-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR PROGRAMS

None reported.

C. FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

2026-01: Financial Statement Preparation and Significant Audit Adjustments

Condition:

The City does not prepare its annual financial statements and related footnote disclosures and has engaged the auditors to assist in this preparation. Significant audit adjustments were required to present the financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Criteria:

Management is responsible for the preparation and fair presentation of the financial statements, including the related disclosures, in conformity with GAAP.

Cause:

The City maintains its internal financial records on the cash basis. While management does prepare some cash-to-accrual entries, including accounts payable and accrued wages, the audit firm is still relied upon to make any remaining adjustments to the trial balances, as well as to prepare the financial statements and related footnote disclosures. Those adjustments included:

- Entries to record capital asset additions and depreciation for business-type activities
- Adjustments to record property tax receivables and deferred property taxes
- Adjust accounts receivable regarding revenues received from the State and receivables that were recorded twice
- Entries to adjust compensated absences
- Record line of credit proceeds and adjust other debt service activity
- Adjust net pension obligation and other post-employment benefit balances
- Reclass transfers and interfund amounts

Effect:

The completeness of the financial statement disclosures and the accuracy of the overall financial statement presentation is negatively impacted as external auditors do not have the same comprehensive understanding of the City as its internal staff.

Recommendation:

The City should continue to review and approve the annual financial statements and the related footnote disclosures. The City should also designate an individual who is responsible for preparing cash-to-accrual financial statement adjustments and footnote supporting schedules to the auditors.

Management's Response:

We agree with the finding and will consider the costs and benefits of implementing the recommendations. During fiscal year ended April 30, 2026, the City began implementing this recommendation and had prepared the year end accruals for accounts payable and accrued wages. The City will book the 4/30/2026 audit journal entries provided and work towards preparing the remaining accruals in fiscal year 2027.

CITY OF MORRIS, ILLINOIS

Summary of Prior Audit Findings
For the Year Ended April 30, 2026

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

2025-01: Financial Statement Preparation and Significant Audit Adjustments

The City does not prepare its annual financial statements and related footnote disclosures and has engaged the auditors to assist in this preparation. Significant audit adjustments were required to present the financial statements in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

This is a repeat finding in fiscal year 2026.